

THE LEGISLATIVE COUNCIL OF THE GOVERNOR OF MADRAS.

Friday, the 8th November 1935.

The House met at eleven of the clock, Mr. President (the Hon. Mr. B. Ramachandra Reddi) in the chair.

P R E S E N T :

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| Reddi Nayudu, <i>Kt.</i> , The Hon. Rai Bahadur, Sir K. V. | Murugappa Chettiyar, Diwan Bahadur A. M. M. |
| Pannirselvam, The Hon. Rao Bahadur A. T. | Muthiah Chettiyar, Mr. M. A. |
| Souter, c.s.i., I.C.S., The Hon. Mr. C.A. | Muthu Chettiyar, Rao Bahadur P. C. |
| Bracken, c.s.i., c.i.e., I.C.S., The Hon. Mr. G. T. H. | Nachiappa Gounder, Mr. K. A. |
| Raja of Bobbili, c.i.e., The Hon. the Rajan, The Hon. Mr. P. T. | Nanjappa Bahadur, Subadar-Major S. A. |
| Kumaraswami Reddiyar, The Hon. Diwan Bahadur S. | Narasa Reddi, Mr. T. |
| Abdul Hameed Khan Sahib Bahadur. | Narasimhaswami, Rao Sahib D. V. |
| Ahmed Meeran Sahib Bahadur, A. M. | Narayanan Nambiyar, Mr. V. P. |
| Alagannan Chettiyar, Rao Sahib A. S. | Natesa Mudaliyar, Diwan Bahadur C. Palat, Mr. R. M. |
| Alamelumangathayaramma, Mrs. K. | Patnaik Mahasayo, Sriman M. G. |
| Annamalai Chettiyar, Mr. S. A. A. | Patro, <i>Kt.</i> , Rao Bahadur Sir A. P. |
| Appadurai Pillai, Diwan Bahadur A. | Pattabhiramayya, Mr. K. |
| Arasu, Mr. V. T. | Pocker Sahib Bahadur, B. |
| Ari Gowder, Mr. H.B. | Premayya, Mr. G. R. |
| Basheer Ahmed Sayeed Sahib Bahadur. | Rajagopala Pillai, Mr. P. V. |
| Basu Dev, Mr. C. | Raja of Kallikote, The. |
| Boag, c.i.e., I.C.S., Mr. G. T. | Raja of Parlakimedi, The. |
| Devadasan, Mr. M. | Ramachandra Padayachi, Mr. P. K. |
| Dharmalingam Pillai, Rao Sahib V. | Ramalingam Chettiyar, Diwan Bahadur T. A. |
| Duraiswami Reddiyar, Mr. K. M. | Ramamurti, Rao Sahib Pandit Ganala. |
| Ellappa Chettiyar, Diwan Bahadur S. | Raman Menon, Mr. K. P. |
| Foulkes, Mr. G. F. F. | Ramaswami Ayyar, Mr. T. S. |
| Gopalaswami Mudaliyar, Diwan Bahadur M. | Ramaswami Mudaliyar, Mr. V. M. |
| Indrayya, Mr. C. | Rameswara Rao, Mr. G. |
| Jagannatham, Mr. H. M. | Ranganatha Mudaliyar, Mr. A. |
| Javad Hussain Khan Sahib Bahadur, Khan Bahadur. | Ranganatha Mudaliyar, Mr. G. |
| Jayaram Nayudu, Rao Sahib C. | Rangaswami Reddi, Mr. M. B. |
| Jones, I.C.S., Mr. C. E. | Ratnasabhapatni Mudaliyar, Diwan Bahadur C. S. |
| Kesavaramamurti Nayudu, Mr. K. | Ratnavelu Thevar, Mr. P. |
| Kolanda Reddi, Rai Sahib C. | Reid, Mr. D. M. |
| Krishnayya Choudari, Mr. P. V. | Rukmani Lakshmipathi, Mrs. A. |
| Krishnamurti, Rao Bahadur D. | Russell, I.C.S., Mr. T. B. |
| Krishnaswami Ayyar, <i>Kt.</i> , Diwan Bahadur Sir Alladi. | Scott Brown, I.C.S., Mr. W. |
| Langley, Mr. W. K. M. | Shetty, Mr. A. B. |
| Madanagopal Nayudu, Mr. R. | Simhachalam Pantulu, Mr. G. |
| Manikkavelu Nayakar, Mr. M. A. | Siva Raj, Rao Sahib N. |
| Moidee Sahib Bahadur, Khan Bahadur T. M. | Smith, Mr. J. M. |
| Moses, Mr. P. C. | Sreshtha, Mr. M. S. |
| Muniswami Pillai, Rao Sahib V. I. | Srinivasa Ayyangar, Mr. T. C. |
| | Srinivasan, Rao Bahadur R. |
| | Sriramulu, Mr. G. |
| | Stanes, Mr. F. J. |
| | Subbarayan, Dr. P. |
| | Subrahmanya Bhatt, Mr. U. C. |

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PRESENT—cont.

Sundara Rao Nayudu, Mr. T.	Wright, Sir William.
Syed Tajuddin Sahib Bahadur, Khan Sahib.	Yahya Ali Sahib Bahadur, Khan Bahadur.
Thangal, Mr. P. M.	Yakub Hasan Sahib Bahadur.
Uzielli, c.i.e., I.C.S., Mr. H. R.	Zamindar of Bodinayakkanur, The.
Vasudeva Pillai, Mr. V. G.	Zamindar of Chemudu, The.
Venkatarama Ayyar, Mr. K. R.	Zamindar of Kirlampudi, The.
Venugopal Nayudu, Rao Bahadur R. K.	Zamindar of Mirzapuram, The.

I.—QUESTIONS AND ANSWERS.

STARRED QUESTIONS

Education

Students' strike in the Government College, Mangalore.

* 489 Q.—MR. U. C. SUBRAHMANYA BHATT: Will the Hon. the Minister for Education and Excise be pleased to state—

(a) whether it is a fact that the students of the Government College, Mangalore, went on strike recently; if so, what were the causes of the same;

(b) whether it is a fact that certain lady students of the college were suspended by the Principal recently; if so, for what offence the said students were suspended;

(c) whether he will be pleased to place on the table of the House a detailed statement showing the particulars of the offences, the occasions on which they were committed and also the explanations, if any, given by the lady students; and

(d) what action the Government have taken or propose to take in the matter?

A.—(a) Yes; the strike was an attempt on the part of the students to coerce the Principal into cancelling certain orders of his imposing punishments on a few students in the interests of college discipline.

(b) Yes; one student was suspended for two days and another for five days for breach of college regulations, one of them having been guilty also of gross impertinence.

(c) The Government do not consider it desirable to make a statement on what is purely a matter relating to the internal discipline of the college.

(d) The Government do not propose to take any action: they understand that the Principal's orders punishing the students have since been cancelled.

MR. U. C. SUBRAHMANYA BHATT:—"I am glad, Sir, that the strike has ended. May I know from the Hon. Minister as to whether he would examine the causes that led to the strike and take such action as is necessary in the interests of the college?"

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The Hon. Diwan Bahadur S. KUMARASWAMI REDDIYAR:—" We have called for a report from the Director."

Mr. U. C. SUBRAHMANYA BHATT:—" May I know, Sir, whether the Hon. Minister would consider the question? "

The Hon. Diwan Bahadur S. KUMARASWAMI REDDIYAR:—" When the report is received we shall see if any further action is necessary."

Action taken on the written statement of Mr. Raghunatha Rao in re the suspension of Miss Rohini from the Government College, Mangalore.

* 490 Q.—Mr. U. C. SUBRAHMANYA BHATT: Will the Hon. the Minister for Education and Excise be pleased to state with reference to the recent strike in the Government College, Mangalore, consequent on the order of suspension issued on Miss Rohini and another lady student—

•(a) whether the Government have perused the written statement of Miss Rohini's father, Mr. S. Raghunatha Rao, B.A., I.T., retired Headmaster, Government Hindu Elementary Training School; if so, whether he will be pleased to place a copy of the same on the table of the House; and

(b) what action the Government have taken or propose to take in the matter?

A.—(a) Yes; the Government have perused a statement made by Mr. S. Raghunatha Rao, a copy of which it is considered unnecessary to lay on the table.

(b) The hon. Member is referred to the answer to clause (c) of question No. 489.

Alleged irregular collection of term fees by the Principal, Government College, Mangalore.

* 491 Q.—Mr. U. C. SUBRAHMANYA BHATT: Will the Hon. the Minister for Education and Excise be pleased to state—

•(a) whether it is a fact that the Principal of the Government College, Mangalore, takes a fee of Rs. 75 and odd for the first term of two months in the College Department instead of the ordinary fee of Rs. 36; if so, what the several items are for which the excess amount is taken;

(b) whether the Principal has obtained previous permission of the Director of Public Instruction to make the additional collections;

(c) whether the accounts relating to the expenditure of the additional sums are audited and accounted for; and

(d) what action the Government have taken or propose to take in the matter?

A.—(a) Besides the ordinary fee of Rs. 36 and the special fees authorized by rule 89-C of the Madras Educational

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Rules, the following recoveries are made at the beginning of the first term:—

	RS.	A.	P.
(i) Registration fee	3	0	0
(ii) Matriculation fee	2	0	0
(iii) College Calendar	0	8	0
(iv) Additional fee for library, reading room, magazine, etc.	2	0	0
(v) Subscription of eight annas to the College Portrait Society and another eight annas to- wards a college scholarship, both imposed on students by themselves	1	0	0
(vi) Cost of examination answer books (for a whole year) ...	1	0	0
(vii) Subscription to the college stationery society	0	2	0
(viii) Deposit with the college station- ery society	15	0	0

The last-mentioned item is in the nature of a 'caution money' for the purchase of text-books and note-books from the college stationery society.

(b) Yes; wherever necessary.

(c) Yes.

(d) The Government do not consider that any action is called for.

Mr. U. C. SUBRAHMANYA BHATT:—" May I know, Sir, whether in addition to these the Principal insists upon the students buying two of his books? "

The Hon. Diwan Bahadur S. KUMARASWAMI REDDIYAR:—" No such information."

Mr. U. C. SUBRAHMANYA BHATT:—" May I know if the Hon. Minister would call for a report on that? "

The Hon. Diwan Bahadur S. KUMARASWAMI REDDIYAR:—" This answer itself is based upon information given to us by the Principal and there is no reason to think that he has suppressed anything."

Alleged circular of the District Educational Officer, Malabar, to the managers of all schools calling for a report about teachers and students concerned in the civil disobedience movement.

* 492 Q.—Mr. U. C. SUBRAHMANYA BHATT: Will the Hon. the Minister for Education and Excise be pleased to state—

(a) whether it is a fact that the Educational Officer, Calicut (Malabar district), has called for a report from the managers of all

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schools in Malabar about the teachers and students who took part in the civil disobedience movement; if so, why and under what circumstances has the step been taken after the lapse of so many years;

(b) whether the initiative in the matter was taken by the District Educational Officer himself or after consulting the Director of Public Instruction; if so, will the Hon. Minister be pleased to place on the table of the House a copy of the correspondence, if any; and

(c) what action the Government have taken or propose to take in the matter?

A.—(a) Yes; the Government understand that a communication was sent by the District Educational Officer, Malabar, to the Headmasters of Secondary and Training Schools in the district calling for cases, if any, of admissions of persons convicted of disloyal activities. This action was taken by the District Educational Officer in view of rule 99 of the Madras Educational Rules which prescribes that no pupil convicted in a court of law for disloyal activities should be admitted into a school without the previous sanction of Government.

(b) The initiative in the matter was taken by the District Educational Officer himself. There is no correspondence to place on the table of the House. The circumstances under which the District Educational Officer took action have already been explained.

(c) No action is called for.

Mr. V. M. RAMASWAMI MUDALIYAR:—" May I ask whether Government consider participation in the civil disobedience movement is tantamount to sedition or disloyalty? "

The Hon. Diwan Bahadur S. KUMARASWAMI REDDIYAR:—" What we have said is that people who have been convicted for disloyal activities should not be admitted without the sanction of the Government. When application is made for admission Government will consider whether their subsequent conduct has been such as to deserve re-admission. They don't refuse admission altogether."

Mr. U. C. SUBRAHMANYA BHATT:—" In view of the fact that civil disobedience movement has ended long ago and now we have come to normal times, would the Hon. Minister consider that it is not advisable to continue the old spirit of bitterness even now? "

The Hon. Diwan Bahadur S. KUMARASWAMI REDDIYAR:—" I am afraid we cannot say that disloyal activities have all come to an end. 'Persons convicted of disloyal activities,' that is the wording."

Mr. V. M. RAMASWAMI MUDALIYAR:—" May I ask why this is the only District Educational Officer who is taking such a step and whether there are other District Educational Officers taking such steps? "

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The Hon. Diwan Bahadur S. KUMARASWAMI REDDIYAR:—"I hope others will follow the example of this Educational Officer."

Mr. P. V. KRISHNAYYA CHOUDARI:—"May I know, Sir, whether the Government would delegate the power of disposing of that matter to the principals of colleges or headmasters of schools whenever they get apologies, instead of wasting the time of the Government on such matters?"

The Hon. Diwan Bahadur S. KUMARASWAMI REDDIYAR:—"This is a matter which ought to come before the Government because they alone have the information as to how they have been conducting themselves after the disloyal activities."

Mr. U. C. SUBRAHMANYA BHATT:—"May I know why this step has been taken now and not immediately after the incident?"

The Hon. Diwan Bahadur S. KUMARASWAMI REDDIYAR:—"I do not know when these people made themselves particularly offensive."

Mr. U. C. SUBRAHMANYA BHATT:—"May I know whether the Hon. Minister will call for information as to whether anything transpired after the stoppage of the civil disobedience movement?"

The Hon. Diwan Bahadur S. KUMARASWAMI REDDIYAR:—"The question of re-admitting these boys is under consideration."

Alleged dismissal of two Secondary Grade teachers of the Government Secondary School, Calicut.

* 493 Q.—Mr. U. C. SUBRAHMANYA BHATT: Will the Hon. the Minister for Education and Excise be pleased to state whether it is a fact that the District Educational Officer, Calicut (Malabar), recently dismissed from service two secondary grade teachers from the Government Secondary School, Calicut; if so, on what grounds they were dismissed?

A.—Yes, the District Educational Officer, Malabar, recently ordered the discharge from the Government Training School, Calicut, of two students who had been admitted into the school in July, on his discovering that they had both been convicted in connexion with the civil disobedience movement in 1932.

The District Educational Officer ordered their discharge from the school because the sanction of Government had not been obtained for their admission which under rule 99 of the Madras Educational Rules is required before persons convicted in a court of law for disloyal activities are admitted into a Government school.

Changes in the curriculum of the S.S.L.C. examination.

* 494 Q.—Mr. K. A. NACHIYAPPA GOUNDER: Will the Hon. the Minister for Education and Excise be pleased to state—

(a) whether the Madras S.S.L.C. Scheme of 1929 was changed in July 1934 in response to widespread complaints against the scheme,

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by the then Director of Public Instruction, Mr. W. E. Smith, and the S.S.L.C. Board after careful consideration of reports of schools and Teachers' Associations and in consultation with the Madras, the Andhra and the Annamalai Universities;

(b) whether the new scheme was again changed during the current year, and the schools were ordered to go back to the 1929 scheme;

(c) what the reasons are for such a sudden reversion;

(d) how many changes the S.S.L.C. scheme has undergone during the past ten years;

(e) whether protests have been raised by the publishers and other educationists for such sudden and frequent changes in the S.S.L.C. scheme;

(f) whether there are proposals being examined for evolving a new and ideal scheme; and

(g) if so, what they are, at what stage they are, and when they are likely to be introduced?

A.—(a) Orders were passed in June 1934 approving a revised course of study for the Secondary School-Leaving Certificate. This revised course was adopted at the recommendation of the then Director of Public Instruction, Mr. Erlam Smith.

(b) It was decided in June last that the introduction of the new scheme of 1934 should be held in abeyance.

(c) The Secondary School-Leaving Certificate Board, with the concurrence of the three Universities passed a resolution in April 1935 in favour of reverting to the 1929 scheme and as Mr. Champion, who was Director of Public Instruction at the time, was also of opinion that there were certain objections to proceeding further with the 1934 scheme at the moment, the Government passed an order in June last postponing the introduction of the 1934 scheme for another two years.

(d) The Secondary School-Leaving Certificate scheme has been changed twice during the past ten years.

(e) It is believed that some protests have been raised by publishers but the Government have no knowledge of any protests by educationists.

(f) & (g) Government have no information.

Number of candidates from the Ceded districts admitted into the Government Training Colleges at Saidapet and Rajahmundry during 1935.

* 495 Q.—Mr. G. RAMESWARA RAO: Will the Hon. the Minister for Education and Excise be pleased to state—

(a) the total seating capacity of the Government Training Colleges (i) in Rajahmundry and (ii) Saidapet;

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(b) the total number of applicants for seats therein from the Ceded districts in 1935;

(c) the total number of seats allotted to the applicants from the Ceded districts in (i) Rajahmundry and (ii) Saidapet;

(d) how many of the admitted students had teaching experience before and how many of them had none such;

(e) how many lady candidates applied and how many were selected; and

(f) how many of the candidates have appointments guaranteed after training and how the guarantees can be enforced either by the candidates or the Government?

A.—(a) (i) 120; and (ii) 180.

(b) (i) 40; and (ii) 18.

(c) (i) 12; and (ii) 5.

(d) Out of 180 students admitted in Saidapet, 174 had previous teaching experience; out of 130 students admitted in Rajahmundry 117 had previous teaching experience.

(e) Three applied in Rajahmundry; none was selected. In Saidapet no application was received.

(f) All the 130 candidates admitted in the Rajahmundry Training College have appointments guaranteed to them after training. In the Training College at Saidapet 166 out of 180 candidates admitted have appointments guaranteed to them after training. Ten candidates hold conditional guarantees, i.e., they have promises of being appointed if vacancies exist at the time of their relief after training. The remaining four candidates have neither absolute nor conditional guarantees. There is no system under which these guarantees can be enforced.

Mr. G. RAMESWARA RAO:—"Sir, the answer to (f) says that there are some students whose appointments are not at all guaranteed. Further they say there is no system under which these guarantees can be enforced. May I suggest the dropping of the idea of guarantees altogether?"

The Hon. Diwan Bahadur S. KUMARASWAMI REDDIYAR:—"There is some indication that these people will get employed."

Mr. P. V. KRISHNAYYA CHOUDARI:—"Is it not helpful to admit every candidate as soon as he applies to the training school instead of asking the manager to give a guarantee of service?"

The Hon. Diwan Bahadur S. KUMARASWAMI REDDIYAR:—"This kind of guarantee is helpful to the members of the committee in making the choice in giving preference to candidates who are likely to get employment."

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Number of candidates, castevar, admitted into the various Professional Colleges, Industrial and Commercial Institutions during 1935.

* 496 Q.—Mr. G. RAMESWARA RAO: Will the Hon. the Minister for Education and Excise be pleased to state the total number of applicants for admission and the total number actually admitted in 1935 into the following Educational Institutions of each caste:

- (a) Engineering College;
- (b) Medical Colleges and Schools;
- (c) Veterinary Institutions;
- (d) Agricultural College;
- (e) Industrial Institutions; and
- (f) Commercial Institutions?

A.—The required particulars are given in the appended statement.*
There are no Government Commercial Institutions.

Acquisition of land in Kurnool for the provision of play-ground for the Government Muhammadan High School.

* 497 Q.—S. M. K. BEYABANI SAHIB Bahadur: Will the Hon. the Minister for Education and Excise be pleased to state whether it is a fact that the Government have asked the District Collector of Kurnool to acquire land for play-ground for the Government Muhammadan High School at Kurnool; and, if so, whether the acquisition has been made now?

A.—No.

Industries

Duties of the Inspector of Industrial Schools.

* 498 Q.—Mr. M. B. RANGASWAMI REDDI: Will the Hon. the Minister for Public Works be pleased to state—

- (a) what the duties are of the Inspector of Industrial Schools;
- (b) how many industrial schools are under his jurisdiction; and
- (c) the amount of his travelling allowances during the year 1934-35?

A.—(a) The Inspector's duties are—

- (1) supervision, control and direction of aided industrial schools other than Textile schools;
 - (2) management of Government Industrial schools; and
 - (3) furnishing technical advice to Jail industries.
- (b) 62.
- (c) Rs. 1,561.

* Printed as Appendix I on page 948 infra.

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Number of students in the School of Technology.

* 499 Q.—Mr. M. B. RANGASWAMI REDDI: Will the Hon. the Minister for Public Works be pleased to state—

- (a) the number of students in the School of Technology; and
- (b) the number of students in the various branches?

A.—(a) & (b) A statement^a is appended.

Mr. V. M. RAMASWAMI MUDALIYAR:—“ May I ask whether Government have any proposal to extend the activities of the Industrial School of Technology? ”

The Hon. Mr. P. T. RAJAN:—“ I am afraid I cannot say off-hand.”

*Registration**Vacancies in the Upper Grade of Sub-Registrars remaining unfilled.*

* 500 Q.—Mr. G. RAMESWARA RAO: Will the Hon. the Minister for Public Works be pleased to state—

(a) the total number of vacancies in the Upper Grade of Sub-Registrars that are yet to be filled up;

(b) the date of the first and of the last vacancy amongst them;

(c) when they will be filled up;

(d) the result of enquiry by the Special Officer, namely, Registrar, appointed in last April to enquire into the conduct of certain Sub-Registrars whose claims are hitherto overlooked for promotion to upper grade;

(e) the principles that will be adopted in filling up the existing upper grade vacancies, whether it is communal rotation or seniority or merit or all;

(f) whether the promotions to the existing vacancies in the upper grade will be given effect to from the date of vacancy or only from the date of filling up the same; and

(g) whether the Inspector-General of Registration is fully empowered to make the above promotions of his own accord solely or whether he should do so only in consultation with any other authority and if so, with whom?

A.—(a), (b) & (c) The Government have not the information.

(d) The result of the enquiry has not been reported to Government yet.

(e) According to the existing rules promotions from the second (lower) grade to the first (upper) grade is by seniority. As regards vacancies which occurred prior to 3rd May 1934, if any, the principle of communal rotation will apply in filling up every alternate vacancy.

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(f) The question is under consideration.

(g) The answer to the first part of the question is in the affirmative. The point referred to in the second part does not arise.

Mr. G. RAMESWARA RAO:—" May I know why the appointments are held up without the vacancies being filled up? "

The Hon. Mr. P. T. RAJAN:—" Enquiries are being made about these."

Mr. G. RAMESWARA RAO:—" Is it because they are awaiting report? "

The Hon. Mr. P. T. RAJAN:—" Yes, in the case of seven or eight officers."

Local Self-Government

Nominations to the District Boards of Bobbili and Vizagapatam.

*501 Q.—Mr. K. A. NACHIYAPPA GOUNDER: Will the Hon. the Minister for Local Self-Government be pleased to state—

(a) whether nominations have been made or are proposed to be made to each of the District Boards of Bobbili and Vizagapatam, the newly bifurcated ones of the Vizagapatam district;

(b) the names and addresses of persons nominated to each of the said boards and the community of each; and

(c) the elected reserved seats that exist now on each of the boards as bifurcated?

A.—(a) Nominations to the Bobbili District Board were made and published in the *Fort St. George Gazette*, dated 20th August 1935. The question of making nominations to the Vizagapatam District Board is under consideration.

(b) The attention of the hon. Member is invited to the notification published in the *Gazette* referred to. The communities and sex of the nominated members are—

(1) Muslims	...	...	...	...	2 members.
(2) Women	...	...	...	...	1 member.
(3) Anglo-Indian	...	...	...	...	1 Do.
(4) Adi-Dravida	...	...	...	...	1 Do.

(c) Bobbili—Three.^a

Vizagapatam—Five.^b

Mr. G. R. PREMAYYA:—" May I know, Sir, why no Christian was nominated to the district boards of Bobbili and Vizagapatam? "

The Hon. the RAJA OF BOBBILI:—" No nominations have been made in Vizagapatam so far. No Christian was nominated in Bobbili because there is already a Christian member."

^a One for Adi-Dravidas, one for women and one for Indian Christians.

^b Two for Adi-Dravidas, one for women, one for Muslims and one for Europeans.

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Mr. G. R. PREMAYYA:—"Since the time of the bifurcation, may I know why no Christian has been nominated in Bobbili?"

The Hon. the RAJA OF BOBBILI:—"We could not find a suitable candidate."

Adoption by district boards and municipalities of a cut in the salaries of elementary school teachers as per G.O. No. 749, L. & M., dated 25th February 1935.

* 502 Q.—Mr. K. A. NACHİYAPPA GOUNDER: Will the Hon. the Minister for Local Self-Government be pleased to state—

(a) how many district boards and municipalities have so far adopted cut in salaries of teachers in elementary schools as empowered in G.O. No. 749, L. & M., dated 25th February 1935, and what they are and what the cut introduced by each is;

(b) whether the reports referred to at the end of paragraph 1 of the said Government Order have been received from the district boards;

(c) what the district boards are which have not submitted such report and what action has been taken on them for the non-submission of the report; and

(d) whether a copy of the report from the Salem District Board in this behalf will be placed on the table?

A.—(a) G.O. No. 749, L. & M., dated the 25th February 1935, applies only to district boards: of the 17 district boards which were authorised to adopt a cut, (1) Tanjore East, (2) Malabar, (3) Vizagapatam (including Bobbili), (4) Godavari West, (5) Kanara South, (6) Ganjam and (7) Kurnool have adopted the cut as advised. Cuddapah and Kistna have enhanced the cut to As. 2, and Chittoor to 1 anna 6 pies. Trichinopoly has decided not to impose a cut.

(b) Yes, from all district boards.

(c) Does not arise.

(d) The report^a from Salem is placed on the table.

Delay in the absorption of the ex-taluk board clerks of South Arcot into the service of the district board.

* 503 Q.—Mr. M. B. RANGASWAMI REDDI: Will the Hon. the Minister for Local Self-Government be pleased to state—

(a) the strength of the ministerial staff of the District Board, South Arcot, prior to and after the abolition of taluk boards;

(b) the number of taluk board clerks absorbed and unabsorbed in the district board service;

^a Printed as Appendix III on pages 949-951 infra.

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(c) in the case of those absorbed into the district board service, their service, pay drawn while in taluk board service and that now fixed by the Government together with their qualifications;

(d) when the Government issued orders selecting clerks of ex-taluk boards to district board service;

(e) when appointments of such selected clerks were made by the President of South Arcot District Board; and

(f) whether any complaints have been received by the Government from any of the ex-taluk board employees in South Arcot district regarding their grievances for delay in appointing them?

A.—(a) The ministerial staff of the South Arcot District Board before the abolition of taluk boards was 55 excluding one manager of the District Board Office, another of the District Board Engineer's Office and an accountant. The strength of the staff after the abolition of taluk boards is sixty-nine which excludes one Secretary, two Superintendents, one Manager of the District Board Engineer's Office and one Accountant.

(b) The additional posts of clerks (14) sanctioned to the district board consequent upon the abolition of taluk boards were filled by the appointment of ex-taluk board clerks. Government have no information in regard to the number of ex-taluk board clerks still left unabsorbed.

(c) Government do not consider that any useful purpose will be served by furnishing a statement of these particulars.

(d) The orders of Government are dated the 28th May 1934 and 28th August 1934.

(e) Government have no information.

(f) No.

Irrigation

Disposal of the buildings at Mettur.

* 504 Q.—Mr. K. A. NACHIYAPPA GOUNDER: Will the Hon. the Member for Revenue be pleased to state—

(a) what the Government have done with their buildings at Mettur;

(b) how many have been sold in auction, what the amount fetched by them is and what the original cost of constructing them was;

(c) whether it is a fact that the buildings constructed for the occupation of upper and lower division clerks cannot endure to stand long since they are not of strong structure;

(d) if so, what the Government propose to do with them; and

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(e) of all the buildings at Mettur, how many are of a substantial nature, what they are and what the original cost of constructing them was?

A.—(a) & (b) The attention of the hon. Member is invited to the answer to clauses (e), (f) and (g) of question No. 467, dated 23rd January 1935, and the statement which was furnished to him on 12th March 1935, with reference to the answer given to the supplementary question No. 844 of the same date. Later information is not available with Government. Such of the buildings as are vacant after the requirements of Government have been met will be sold or let out on rent to private persons if there is a demand for them.

(c) The buildings were intended to be only of a temporary nature.

(d) These buildings also will be dealt with as indicated in the answer to clauses (a) and (b) above.

(e) There are 14 buildings costing between Rs. 5,000 and Rs. 10,000 and 15 costing above Rs. 10,000. Information as to what they are and what the capital cost of each is, is not available with Government.

Interest realized on the capital outlay on the Cauvery Delta system.

* 505 Q.—MR. P. V. KRISHNAYYA CHOUDARI: Will the Hon. the Member for Revenue be pleased to state—

(a) what is the total capital expenditure on the Cauvery Delta system; and

(b) what interest they expected to derive on the capital invested and what interest they are now actually getting?

A.—(a) Rs. 78,41,754 to the end of 1933–34.

(b) It is impossible to say what return was originally expected on the capital invested as the construction estimates of the Cauvery Delta Works were not accompanied by forecast statements and though these construction estimates were closed important works have been sanctioned from time to time and expenditure of a capital nature is incurred every year. The return for 1933–34 was 10.7 per cent on the total capital outlay.

MR. P. V. KRISHNAYYA CHOUDARI:—“ May I know if the Hon. Member will try to give us the information about the original scheme and what rate of interest they expected on it so that the House may know what rate the Government are actually collecting on the Cauvery-Mettur Project and people may know, whenever additional taxation is imposed, whether the present rate is much greater than what it was?”

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The Hon. Mr. C. A. SOUTER:—"I do not quite understand the question. I may state generally that it is impossible for Government to give any exact figure of expenditure on the Cauvery delta for this reason that this system was constructed by the ancient Hindu Rajas long before Government took possession. What was spent then we do not know and it must only be a matter of conjecture."

Progress of the scheme for the construction of a tank across the Kaveri Vagu, Nellore district.

* 506 Q.—Mr. A. RANGANATHA MUDALIYAR: Will the Hon. the Member for Revenue be pleased to state the stage reached in the construction of a new tank across Kaveri Vagu in Gundimadakala village, Udayagiri taluk, Nellore district?

A.—Plans and estimates have been received by Government. The scheme is being considered in connexion with the next year's budget.

Representations for diversion of water into the Badathalav tank, Salem district.

* 507 Q.—Mr. K. A. NACHIYAPPA GOUNDER: Will the Hon. the Member for Revenue be pleased to state—

(a) whether representations have been received from the pattadars under the Badathalav tank ayacut in Krishnagiri taluk of Salem district in or about July last either by the Government or by the District Collector or any of the local officials praying for the diversion of water from the Markandeya river, or from the jungle stream in Narlapalli reserve forest through Chakanayur tank, to the said Badathalav tank to provide adequate supply for irrigation; and

(b) if so, what action has been taken thereon and what the Government propose to do with the schemes suggested?

A.—(a) & (b) A petition, dated 20th July 1935, was received by Government and forwarded to the Chief Engineer for Irrigation. The scheme for the diversion of water from the Markandeya river was abandoned in 1926 on financial grounds. The Chief Engineer (Irrigation) will submit a report on the other scheme if he considers it feasible.

Land Revenue Administration

Penalty for raising fodder crops in the delta taluks of the Nellore district.

* 508 Q.—Mr. P. V. KRISHNAYYA CHOUDARI: Will the Hon. the Member for Revenue be pleased to state with reference to the answer to the supplementary question to question No. 108 answered on 7th August 1935—

(a) whether the Government have received the report which they undertook to call for from the Collector of Nellore; and

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(b) if so, whether they will be pleased to lay it on the table of the House?

A.—A copy ^a of a report, dated 16th October 1935, received from the Collector of Nellore is attached.

Mr. P. V. KRISHNAYYA CHOUDARI:—" May I know if it is a fact, Sir, that the fodder crops are grown before the harvest actually commences in the wet land area and they won't require any further water? Is it a fact that on the moisture itself they can grow pillipesara? "

The Hon. Mr. C. A. SOUTER:—" What the hon. Member says may be true, I do not know. But in this case, the Collector reports that water was taken for pillipesara, and it seriously jeopardized the standing food crops."

Mr. P. V. KRISHNAYYA CHOUDARI:—" Is it a fact, Sir, that in February the Collector of Nellore had notified that there was scarcity of water for second crop? "

The Hon. Mr. C. A. SOUTER:—" I have no information."

Distraint proceedings in Kasaragod taluk for arrears of land revenue.

* 508-A Q.—Mr. U. C. SUBRAHMANYA BHATT: Will the Hon. the Member for Revenue be pleased to state—

(a) what the total amount of land revenue in arrears in the Kasaragod taluk is;

(b) what the total number is of distraint warrants and sale notices issued in the Kasaragod taluk;

(c) whether there is any distinction in classification between the districts of Malabar and South Kanara with regard to pepper gardens and waste lands in the matter of taxation; if so, what the distinction is;

(d) whether it is a fact that it is this classification which is responsible for the arrears of land revenue in Kasaragod to such an extent; and

(e) whether the Government have considered or propose to consider a reclassification of these areas with a view to bringing them in line with those prevailing in Malabar?

A.—(a) & (b) The Government have no information.

(c) The pepper vine is counted as a garden product in South Kanara, but not in Malabar. In South Kanara assessment is charged on all lands included in holdings. In Malabar no assessment is charged on an occupied dry land included in a holding unless the land is cultivated or brought under cultivation.

(d) The Government see no reason to suppose that it is a fact.

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(e) In November 1934, the Government received, along with other representations regarding the proposals for the re-settlement of the South Kanara district, a memorandum from the Kasaragod Malayali Landholders' Association in which it was contended that the kumaki villages of the Kasaragod taluk should be settled on the same lines as Malabar villages. The Government saw no reason to accept this contention. They do not propose to reclassify the area in question, as suggested by the hon. Member.

Mr. U. C. SUBRAHMANYA BHATT:—" May I know, Sir, as to why pepper vine should be counted as a garden produce in South Kanara and not in Malabar and also why the unoccupied dry lands in the holding should not be assessed in Malabar and may be assessed in South Kanara? "

The Hon. Mr. C. A. SOUTER:—" The conditions of Malabar are not similar to those of South Kanara."

Mr. U. C. SUBRAHMANYA BHATT:—" May I know, Sir, whether this Hosadurg sub-taluka of South Kanara has got the same conditions in all respects as Malabar? "

The Hon. Mr. C. A. SOUTER:—" I am not prepared to admit that, Sir."

Mr. U. C. SUBRAHMANYA BHATT:—" In view of the extreme distress prevailing in the sub-taluka of Hosadurg, may I know if the Hon. Member would go into that question and re-examine it? "

The Hon. Mr. C. A. SOUTER:—" I think, Sir, the answer to (e) covers that question."

Control of Books

Proscription of the Telugu translations of Gorky's novel the ' Mother ' and the Communist Manifesto of Karl Marx and ' Imperialism ' by Lenin.

* 509 Q.—Mrs. A. RUKMANI LAKSHMIPATHI: Will the Hon. the Home Member be pleased to state—

(a) whether it is a fact that the Government of Madras have proscribed the Telugu translations of (1) Gorky's novel the ' Mother ' and (2) the Communist Manifesto of Karl Marx, both published by the Andradesa, Grandhamandali, Kistna district, and (3) ' Imperialism ' by Lenin;

(b) whether the English version of the said three books is proscribed;

(c) whether their translations in any other Indian language are proscribed;

(d) on whose complaint or complaints have the Telugu versions been proscribed; and on what grounds in each case;

(e) what the offending passages are in each of them;

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(f) whether either the Hon. the Law Member or the Advocate-General has gone through them and recorded his opinion; and

(g) which other responsible officer knowing Telugu has read them before they have been proscribed?

A.—(a) Yes.

(b) & (c) The Government have no information whether the English version of the said books or their translations in the vernaculars of other Provinces in India have been proscribed elsewhere. Only Telugu translations have come to the notice of this Government and the notifications issued in respect of them apply to all other documents containing copies, reprints or translations of, or extracts from, the said books.

(d) Objectionable publications are generally brought to the notice of the Government either by the Criminal Investigation Department or by the Registrar of Books or other officers of the Government. The books in question came to notice in the usual course and were proscribed by the Government on the ground that they contained matter of the nature described in section 4 (1) of the Indian Press (Emergency Powers) Act, 1931, as amended by section 16 of the Criminal Law Amendment Act, 1932.

(e) to (g) There are several passages in the books falling under the above section and no useful purpose will be served by specifying each and everyone. The books were reviewed by the Telugu translator and action was taken by the Government on the translations of select passages furnished by him. The Advocate-General was not consulted.

Mrs. A. RUKMANI LAKSHMIPATHI:—"May I know, Sir, whether those objectionable passages in the said books which have been proscribed are seditious and of what character they are?"

The Hon. Rao Bahadur A. T. PANNIRSELVAM:—"They are of a character which is 'described in section 4 (1) of the Indian Press (Emergency Powers) Act, 1931, as amended by section 16 of the Criminal Law Amendment Act, 1932,' as stated at the end of the answer to clause (d)."

Electricity

Electric pumps and their capacity.

* 510 Q.—Mr. U. C. SUBRAHMANYA BHATT: Will the Hon. the Law Member be pleased to furnish the number of electric pumps and their aggregate capacity and the rates charged per unit for pumping by private electric licensees, municipalities and the Government in this Presidency?

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A.—The number of electric pumps and their aggregate capacity in the area commanded by the Pykara Hydro-Electric system are as follows:—

	Number of electric pumps.	Aggregate capacity. HORSE-POWER.
Government electric distribution system	174	1,302.50
Municipal systems of Coimbatore, Pollachi, Tiruppur and Karur.	27	176.53
Total ..	201	1,479.03

The rate charged is 1 anna per unit.

Similar information is not available in respect of other licensed areas.

Mr. V. M. RAMASWAMI MUDALIYAR:—"May I ask, Sir, in view of the figures given which show that the development of electrical pumping by Government has been more rapid than under the municipal system or private licensees, whether the Government will be pleased to consider or whether they have already considered the question of distributing such load themselves in well-irrigated areas like North Arcot to serve as an object lesson to the other areas?"

The Hon. Sir K. V. REDDI NAYUDU:—"The question will be considered."

Diwan Bahadur T. A. RAMALINGAM CHETTIYAR:—"Is the Government aware, Sir, that Mysore has reduced the rate to half an anna?"

The Hon. Sir K. V. REDDI NAYUDU:—"The Government have no information."

Diwan Bahadur T. A. RAMALINGAM CHETTIYAR:—"Will the Government find it out so that here also some reduction may be made?"

The Hon. Sir K. V. REDDI NAYUDU:—"It does not necessarily follow."

Mr. P. V. KRISHNAYYA CHOUDARI:—"May I know, Sir, whether Government will call for information as to what rate the private licensees charge for agricultural pumping?"

The Hon. Sir K. V. REDDI NAYUDU:—"I think, Sir, for each licence the rate is prescribed and they have never exceeded the rate prescribed under the rules."

Diwan Bahadur T. A. RAMALINGAM CHETTIYAR:—"Was it not a fact, Sir, that whenever a question was raised, the Government always took shelter under the plea that the Government of Mysore did a particular thing?"

The Hon. Sir K. V. REDDI NAYUDU:—"This Government never hid themselves under any circumstances."

Diwan Bahadur T. A. RAMALINGAM CHETTIYAR:—"Was it not the reason given by them on several occasions?"

The Hon. Sir K. V. REDDI NAYUDU:—"Certainly not by way of hiding themselves."

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MR. V. M. RAMASWAMI MUDALIYAR:—" May I know, Sir, whether the Government will restrict the fee charged by private licensees for agricultural pumping to make it the same as that levied by Government? "

The Hon. Sir K. V. REDDI NAYUDU:—" It depends upon a number of circumstances. But the question will be considered."

Diwan Bahadur T. A. RAMALINGAM CHETTIYAR:—" Will they now at least get the information from Mysore and reconsider the matter? "

The Hon. Sir K. V. REDDI NAYUDU:—" Conditions in Mysore are not the same as in Madras. Further, they may have their own reasons to do so."

Diwan Bahadur T. A. RAMALINGAM CHETTIYAR:—" The reason may be to help agriculture."

The Hon. Sir K. V. REDDI NAYUDU:—" The reason may be otherwise also."

MR. V. M. RAMASWAMI MUDALIYAR:—" The Hon. Member cannot raise the plea that in Mysore the conditions are different."

The Hon. Sir K. V. REDDI NAYUDU:—" How can they do it when the conditions are different? "

UNSTARRED QUESTION

Inland Waterways

Collection of penal licence fees from owners of boats plying in the Buckingham Canal.

511 Q.—MR. V. T. ARASU: Will the Hon. the Member for Revenue be pleased to state—

(a) whether any representations were received by the Government from the owners of boats plying for hire in the Buckingham Canal alleging that penal licence fees are being collected from them against the spirit of section 6 of the Navigation Rules under the Canals and Ferries (Public Ferries) Act of 1890; and

(b) what the findings of the Government are on those allegations?

A.—A petition from the boat owners was received recently and referred to the Chief Engineer for Irrigation. The Chief Engineer's report is awaited.

[Note.—An asterisk (*) at the commencement of a speech indicates revision by the Member.]

II.—RESOLUTION RE GUARANTEE IN RESPECT OF DEBENTURES ISSUED BY THE CENTRAL LAND MORTGAGE BANK—cont.

11-15 a.m. * The Hon. the PRESIDENT:—" Discussion on the motion^a of the Hon. Mr. P. T. Rajan will now be resumed."

^a This was discussed in part on 2nd and 4th November 1935.

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* Mr. C. BASU DEV:—" Mr. President, I rise to oppose the resolution. I do so on two grounds: firstly on account of the unsatisfactory working of the land mortgage banks, secondly on account of the policy of the Government underlying their financial assistance to these banks.

" Referring to the banks themselves, at the outset, I must say that I am not in the least satisfied with them from their very inception. I, along with many of my hon. Colleagues, had occasion to complain to the Hon. Minister that these banks were not started in the proper atmosphere with the proper groundwork of propaganda, but that they sprang into existence overnight with the result that most of them were in the hands of political cliques. I am sorry to say that the officers responsible for the starting of these institutions are not a little responsible for this state of affairs.

" From the report of working of the land mortgage banks we find that the old Pithapuram bank had to be abolished and the new Pithapuram bank to be started. May I ask why and how the old bank had failed to function and what the necessity was for starting a new Pithapuram bank instead of reviving the old bank and substituting a new directorate? It is not to throw out one group and place another in power? There are many other instances of this kind. Even this single instance is sufficient to show that these banks are in the hands of political cliques which cannot and will not work them on sound principles.

" Sir, I understand that the primary banks are under the immediate supervision of the sub-deputy registrars. I wish to know what their qualifications are and what their experience is in assessing the value of lands and in ascertaining the status and the repaying capacity of the applicants for loans. I should think the officials of the Revenue Department are the proper persons to be entrusted with this important work.

" Next, Sir, I would refer to the want of or insufficient supervision of the co-operative societies by the Co-operative department. In April last I had occasion to complain to the Deputy Registrar against the very serious maladministration of the Workers' Co-operative Bank. I received a reply from him in May, a month later, that for want of evidence my complaint could not be further examined."

Mr. P. V. KRISHNAYYA CHOUDARI:—" May I know, Sir, whether we can discuss under this motion, matters other than those relating to land mortgage banks? "

* The Hon. the PRESIDENT:—" Let us follow the arguments of Mr. Basu Dev."

* Mr. C. BASU DEV:—" Sir, my hon. Friend seems to be very anxious to have his say on this question. I am sure he will have his chance. (Laughter.) Sir, if I referred to the Workers' Co-operative Bank, it is only with a view to give an instance of deficiency in supervision of the Co-operative department over the working of co-operative

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societies generally, and land mortgage banks are part and parcel of the co-operative movement which is under the control and supervision of the Co-operative department.

“ To proceed with the Workers’ Bank, from April last, till October when the department was forced by me to take action, a sum of nearly Rs. 13,000 was allowed to be misappropriated. If this is the sort of control which the department is going to exercise, I am afraid it is not safe to entrust large sums of money to societies.”

* The Hon. the PRESIDENT:—“ The hon. Member may confine his remarks to supervision over land mortgage banks.”

* Mr. C. BASU DEV:—“ Sir, it is very difficult to draw a line between the land mortgage banks and other banks.”

* The Hon. the PRESIDENT:—“ But during the course of this discussion, the House will have to draw a line.”

* Mr. C. BASU DEV:—“ I bow to your ruling, Sir. I am not attacking the Minister, but only the department over which he has very little control, because it is very much under the influence of the alleged expert, the Joint Registrar, to whom the Hon. Minister, with zeal that does more credit to his heart than to his head, has been giving undue and unjustified encouragement, much to the detriment of the department in which considerable rot has already set in.”

Diwan Bahadur A. APPADURAI PILLAI:—“ I take very serious objection to the word ‘rot.’ Is it not unparliamentary to say that, Mr. President, with reference to the working of a department? ”

* The Hon. the PRESIDENT:—“ I do not think the use of the word ‘rot’ is unparliamentary at all. Mr. Basu Dev may proceed with his speech.”

* Mr. C. BASU DEV:—“ Thank you, Sir. My criticism of the department is not very much favoured by the authorities or by the erstwhile Director of Industries. I do not want to tread upon the corns of either the officers or those interested in them and I therefore leave the matter at that pleading for greater and stricter control by the department.

“ Now, Sir, as regards the object of the Government in affording such large financial assistance to the land mortgage banks, the idea is to redeem the rural debt. If that is so, I respectfully submit, this is not the way to tackle the problem. From the report of Mr. Satyanadhan, we find that within a period of five years, from 1930, the time of the Banking Enquiry Committee, to the date of this report, the rural debt has increased from 150 crores to 200 crores, that is by 50 crores. This piecemeal and patchwork attempt to redeem such a vast

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sum is not the proper way of getting about the business. The only way is to copy the experiment of Bhavanagar. I hope and pray that the Government will have the courage and the wisdom to boldly investigate at least the possibilities of that experiment. From the report of the working of the Debt Conciliation Act in the various provinces which we have had occasion to study in connexion with the consideration in the Select Committee of the Debt Conciliation Bill of Mr. Ramalinga Chettiyar, we find that conciliation has invariably resulted in reducing the debt by 50 per cent; we in this province can logically anticipate a reduction even greater than 50 per cent of the provincial rural debt if the Government can come boldly forward and say that they are prepared to take upon themselves the debt if it is reduced to a reasonable figure. If the debt is thus reduced from 200 crores to at least 100 crores, I have every confidence that the debtors themselves will be willing to come forward to pay at least another 50 per cent of this 100 crores and this would ultimately have the effect of reducing the commitment of the Government to 50 crores.

“ Mr. President, the Government, for the last three or four years, have been making remissions of revenue to the extent of 50 or 60 lakhs every year. If to this amount is added the annual collections from the rural debts towards loans which the Government will thus have taken upon themselves, I am sure, they will find more than the annual instalments necessary to pay off this 50 crores of debt. Sir, I do not suggest that the Government should raise a loan of 50 crores. That will be an impractical proposition, but I say that there is no difficulty in the Government issuing debentures to the creditors to the extent of Rs. 50 crores at $3\frac{1}{2}$ per cent. This is the simplest and best way of effecting reduction in rural debts and the debtor himself will be considerably relieved even in the matter of the interest he has to pay on the debt. As it is, he will have to pay about $6\frac{1}{2}$ to 8 per cent. I hope the Government will sympathetically and courageously examine this proposition with a determination to give effect to it as far as possible. I therefore think that the Government will have first to decide upon their future policy before they commit themselves to guarantee for another amount of 50 lakhs.”

Mr. P. V. KRISHNAYYA CHOUDARI :—“ Mr. President, Sir, I am not anxious to oppose this resolution, but at the same time I want to point out some defects in the present administration of the land mortgage banks so that the Government may remedy them. I do not know why the Central Bank, as stated at page 6 of the report, under item VI, which is a 5 per cent debenture, redeemed only Rs. 44,000 and retained such a large sum as Rs. 7 lakhs and odd and under item VIII which is a 4 per cent debenture they discharged Rs. 22,300 without trying to completely discharge the debenture under item VI which carries 5 per cent interest. The House will understand that by this transaction the Central Bank loses interest at 1 per cent on Rs. 22,800. I do not know why the Central Bank has discharged the debenture

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carrying a lower rate of interest when they have yet to clear a debenture carrying a higher rate of interest.

11-30
a.m.

“ Another thing which I want to bring to the notice of the Government is that the land mortgage banks, which it was expected, would give relief to the rural population are not giving them the expected relief as the banks are working at present. I shall prove my statement by taking the House with me through some of the figures given in the report. According to the report (page 8, paragraph 12), at the beginning of the year the number of loan applications pending before the primary banks was 1,055, and during the year 2,504 loan applications were received by them. The total amount of loans applied for to the primary banks aggregated Rs. 65 lakhs nearly, of which the Central Land Mortgage Bank granted a loan of Rs. 27 lakhs nearly, or very roughly one-third of the loan amount has been sanctioned by the Central Land Mortgage Bank. From this we should be able to find that there is something defective in the working of the land mortgage bank, the cause for which we are not in a position to understand now. From this it will be clear that the benefit enjoyed by the poorer class of people by the working of the land mortgage bank is not so very encouraging. These land mortgage banks were started some six years ago. After six years' working, I ask how many people have been benefited. If the Hon. Minister will look into the figures given on page 10 of the report he will find as follows:—

Year	Number of loan applications
1929-30	26
1930-31	221
1931-32	267
1932-33	486
1933-34	728
1934-35	1,050
Total	2,778

“ The total number of loan applications for six years amounted to 2,778. Now, is it worth while, I ask the Government, to give a guarantee of interest to the extent of $1\frac{1}{2}$ crores for the benefit of 2,778 loan applications? I ask what are the reasons for not improving the working of the banks.

“ Another defect which I want to point out is that the land mortgage banks are not serviceable to the people. If hon. Members will look into the tabular statement of the report they will find there were three loan applications whose amounts were below Rs. 500 each. So how many people were really benefited in 1929? Only three people. That is the way in which the land mortgage bank is functioning for the poorer class of people. Again in 1930-31, three people, in 1931-32, eight people, in 1932-33, 11 people, 1933-34, 46 and 1934-35, 98 people. These figures show that there has been no progress in the working of

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these banks, so far as its benefit to the poorer class of people is concerned. So I want to know what the real cause for this is and therefore request the Government to investigate and see if any more relief could be given to poorer people.

"Another fact which I wanted to bring to the notice of the Hon. Minister was that even though half a dozen banks as mentioned in the report were started some five years back, they have not transacted even one loan. I want to know what the reasons are for this state of affairs. Whether the department has taken any action or not is another matter which the Government has to answer. If the department has taken action and yet the banks mentioned above have not been working, why not the Government close such banks and open them in other places?

"Mr. President, Sir, there are certain points to be noted in connexion with the drawing up of debentures. I ask why the Government should not issue a notice to all 5 per cent debenture-holders that their debentures will be discharged from such and such a date, and that they will only be given the rate of interest which will be prevalent in the market at that time. When the land mortgage banks are in a position to get loans at $3\frac{1}{2}$ per cent interest, why not they ask the debenture-holders to convert their debentures into $3\frac{1}{2}$ per cent Government paper and if they do not do so, give them notice, just like the Government of India, saying that when the banks get funds those debentures will be discharged.

"Again, Sir, although the bank has got property security of Rupees 1,70,00,000, it has advanced loans to the extent of only one-third of this amount. I would suggest to the Government to give the people all possible facilities. Why not the bank give loans up to 50 per cent of the value of the property? Why not give the people larger loans because every instalment that is paid by them will go to discharge the loan, thereby reducing the liability of the property? Even if they allow 60 per cent of the securities as loans, they will not be in any way losers, because the rate at which they fix the value of the security is far below the market rate. So the land mortgage bank can grant at least 50 or 60 per cent of the security as loans. The ryot population are probably not in a position to take advantage of the existence of the land mortgage banks. The Central Land Mortgage Bank, though it gets a profit of Rs. 60,000 or Rs. 70,000 per year by way of profit, is not spending even an anna for propaganda work. As a matter of fact, a very responsible man told me that there is no propaganda work in the villages about the utility of the land mortgage bank. So the Central Land Mortgage Bank should be insisted on to do some propaganda work.

"Then, as regards the suggestion that there should be one Sub-Deputy Registrar for three banks, that depends upon the nature of the work for each Sub-Deputy Registrar. In my opinion one Sub-Deputy Registrar can get on even with the work of twenty banks, if he is a

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proper officer and knows his work well. I feel on the other hand that we should increase the number of banks as has been pointed out by the Executive Officer. In this connexion I request the Hon. the Chief Minister to see that something is done as early as possible and also to give an opportunity to this House for discussion by bringing forward this report as an annual report just like the Public Services Commission's Report."

* Rao Sahib V. I. MUNISWAMI PILLAI:—"I am not opposing the resolution moved by the Hon. Minister, but at the same time I would like to point out that the support given by the department to other activities of that department, viz., house-buildings and credit societies, and marketing, etc., is not so encouraging as it is in the case of land mortgage banks. The other day the Registrar of Co-operative Societies convened a conference of all important co-operators including the President of the land mortgage bank, the chairmen of municipal councils and presidents of district boards who are all interested in house-building. After due deliberation, the whole conference came to the conclusion that they might float a Central House-building Society for the province if the Government gives guarantee to raise debentures. After the whole scheme was submitted to the Government I understand that Government has turned it down saying that they cannot give a guarantee. I do not understand the reason for their saying so and why one section of co-operative activity, viz., the land mortgage bank should be benefited by a guarantee of 100 lakhs of rupees, while the other section, the House Building Section, should suffer whose activity is after all to acquire house-sites for the poor class of people and which goes a great way to meet the poor man's demands, and I do not think it is fair on the part of the Government to utilize to the fullest extent all the debenture amount for land mortgage banks only.

"Secondly, Government recently appointed marketing officers to give relief to the poor agriculturists. As far as I understand, nothing has been done substantially. I think money spent in that direction will not go a great way to relieve the indebtedness of the agriculturists. In my own district the Registrar tried to start a society for giving marketing facilities. At one time it was turned down, but I was told the matter was again being reconsidered. I do not know how far it is going to be successful. Moreover just when the co-operative movement was started, the department went ahead and started several societies for depressed classes and others. At a later date the Registrar found that the societies were not working properly and he began to apply his pruning knife, liquidated and abolished several societies with the result that most of the money had to be written off as bad debts. So it would be in the interests of the land mortgage bank that it proceeds slowly. But in view of the assurance of the Hon. Minister that the loans advanced to the primary land mortgage banks will be properly utilized by the various banks, I have no objection to support this resolution."

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* Mr. K. A. NACHIYAPPA GOUNDER:—" Mr. President, Sir, by rising now I may not be misunderstood to oppose the guarantee being given, as a matter of fact I am for it, but at the same time, I like to make some observations about the difficulties in the actual working of the land mortgage banks. If you go into the system adopted now for granting loans, you will find, Sir, that there are very many difficulties in getting loans from these banks. In the valuation of the land given as mortgage, the local conditions and the particular conditions of the soil of the land are not taken into account. Only a very stringent value is put taking into consideration the value of the other lands in general in that village. With regard to the percentage of the value of the land granted as loan, there again it is very low. On pure dry and rain-fed lands, no loan is allowed, and the lands irrigated by wells can get only a maximum of 30 to 35 per cent of the value as loan and on wet lands only up to 50 per cent of the very low value fixed is allowed as loan. The debtors generally have debts more than 50 and 60 per cent of the present woeful value of the land, and when these strict conditions are applied, not even a fair percentage of the ryots who are indebted are able to take advantage of the land mortgage banks. Some remedy should be found for this state of affairs so that the banks may be useful to as many ryots as possible.

" With regard to the title to the lands, various difficulties come in and harshness is caused. Even though the ryot is able to give sufficient security to cover any defects in the title of any piece of land to be included in the mortgage, even though the defect may not in practice affect the property in any way, loans are to be refused. Sir, the two points, viz., valuation and title, that I have mentioned require some investigation and remedy in order that the land mortgage banks may work with more real and practical advantage to the ryot population.

" As regards advancing loans on lands in proprietary estates there is again a great hardship. Generally the by-laws are drafted in such a way that loans can be advanced only on lands in ryotwari areas. Proprietary estates form a fairly good portion of the lands in every area of our Presidency and if these lands are to be excluded, I do not think we will be doing justice to these people. It may be said that many of these tracts have not been surveyed, but may I ask, Sir whether money-lenders are not lending monies on such lands in the ultimate hope of winning their cause in the civil courts and taking up those lands? Why should not the land mortgage banks also adopt that course? There cannot be said to be any risk at all, Sir, because there are sufficient records with the proprietors of the estates and with the ryots also which go to show that such and such a land belongs to such and such a ryot. Therefore there is no insuperable difficulty in extending the operations of the land mortgage banks to these tracts also or at least to such estates which are surveyed. Finally, Sir, I would request the

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Hon. Minister to investigate these points and see that loans are granted on lands in proprietary estates also. With these remarks I support the motion."

* Diwan Bahadur T. A. RAMALINGAM CHETTIYAR:—"Sir, I should like first of all, to thank the hon. Members who have taken part in the debate; because my intention when I proposed, when the Land Mortgage Banks Bill was under discussion, that every increase in the Government guarantee should come before the House, was that this House ought to know about the administration of the Central Bank and express their views with regard to what has been done and what ought to be done in future. This debate has served that purpose. At the same time, I request hon. Members of the House to take a greater and more steady interest in the working of these institutions (land mortgage banks). I am sorry to say that the remarks made by some hon. Members show that they do not know how the societies are working at present. If more hon. Members of this Council and the public take interest in these institutions, it will be for the benefit of everybody.

"Coming now to the actual remarks made by some hon. Members, there seems to be some misapprehension as to how the whole thing is managed. A considerable part of the criticism of Mr. Krishnayya Choudari was directed against the way in which the debentures were issued and redeemed. Sir, it must be remembered that we are working under an Act of this Council. Section 4 (2) of the Act runs as follows:—

'The total amount due on the debentures issued by the Board and outstanding at any time shall not exceed the total amount due on the mortgage, the amounts paid thereunder and remaining in the hands of the Board or of the trustee at such time and the value of all other assets transferred by the mortgage banks to the Central Mortgage Bank and subsisting at that time.'

As soon as we get mortgages, we transfer the mortgages to the trustee and to the extent we transfer the mortgages we float debentures and on these mortgages every year we collect a portion of the principal. That portion will have to be paid back to the debenture-holders, because the section says we can leave debentures outstanding only to the extent to which the principal is yet due. So that portion of the principal which is collected will have to be paid back to the debenture-holders. Therefore every three or four months, lots are cast and from the particular series for which any portion of the principal money is collected, the necessary quantity of debentures are drawn and paid up. Under the Act, we can follow only the course which we are following. That is why when series IX and others are outstanding we had to pay back a portion of the debentures in the VIII series which are bearing only 4 per cent interest. A portion of the debentures has to be paid back each time and only the balance is outstanding. For that no doubt a suggestion can be made, namely, that instead of actually drawing lots and redeeming these debentures, we may probably purchase debentures

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in the open market. That is the only way in which without violating the provision in the section, we can give effect to the suggestion made by Mr. Krishnayya Choudari.

“ The second point is what are we doing with regard to debentures which are still bearing 5 per cent interest? It is already mentioned in the report circulated to hon. Members that so far as series VI and IX are concerned, we have already given them notice of redemption on the 1st of December. (Interruption.) No, not in rotation. When debentures are issued the series can be redeemed after giving three months' notice. In view of the fact that we are able to raise money at a lower rate of interest, we have given notice to the debenture-holders that we are going to redeem the sixth and the ninth series on the 1st of December. After that, the only debentures which will bear more than 4 per cent interest will be the seventh series. I am asked: why not redeem that also? The difficulty is money is not forthcoming as easily as friends in this House seem to think. Money is coming in only in dribblets. We thought that $3\frac{1}{2}$ per cent debentures would give us enough money to meet our current demands and we waited for a long time. I am thankful to the Government for issuing instructions to local bodies to the effect that they may deposit a portion of the provident fund and other monies they have in the Central Land Mortgage Bank debentures. But for that order, I doubt whether even now we would have been able to get the money we wanted. That is the reason why we have not redeemed all the debentures bearing more than 4 per cent interest. As soon as we redeem the sixth and ninth series we will certainly take up the remaining seventh series. I have already written to the Government that it is our intention to take up the seventh series and have them redeemed as soon as we are in a position to do so. We propose to call for applications for debentures and the moment we get sufficient money to redeem the seventh series, we will do so. After that there will be no debentures bearing more than 4 per cent interest. Not only that, we are trying to develop the $3\frac{1}{2}$ per cent debentures. As yet, the response is not as much as we want and we hope, as we proceed, to be able to raise debentures at the lower rate of $3\frac{1}{2}$ per cent. Not only that, hon. Members will be glad to know that only at the last meeting of the executive committee we were able to reduce the rate of interest to the borrowers by another half a per cent. At the present moment the ultimate borrower can get money on mortgages at 6 per cent. I am as anxious as hon. Members in this House to reduce the rate of interest as much and as soon as possible.

“ The difficulty is we have to depend on the open market for the money required. We must be assured that we will get and be able to raise the required amount of money at the required rate of interest. That we are not assured of. As we feel our way and as we are able to raise the required money in the open market, the rate of interest at which we lend money will certainly be reduced.

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noon.

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“ For particular series of debentures, particular mortgages are made security. So it is not possible to sell debentures as we please and bring down the rate of interest. That is the reason why the present system of issuing the debentures and redeeming them is followed.

“ Then, Sir, one or two questions were raised as to what exactly is the amount that is outstanding in the form of debentures and what amount is wanted. In the guarantee already given, the Government have fixed two amounts; one is the sum of Rs. 50 lakhs and the other is the amount of Rs. 24 lakhs. Under section 6 of the Act they have guaranteed up to the face value of Rs. 50 lakhs; under section 7 they have guaranteed up to Rs. 24 lakhs and odd. Hon. Members of the House will see from the statement given to us that after the first of December, the only debentures that will be outstanding in the second guarantee of Rs. 24 lakhs, will amount to Rs. 7 lakhs. So, the guarantee given for Rs. 24 lakhs will be reduced to Rs. 7 lakhs. Therefore a sum of Rs. 17 lakhs is reduced. Add to this sum, the sum of Rs. 50 lakhs already guaranteed by the Government. The additional guarantee that is required now is only to the extent of Rs. 30 lakhs and odd. It is not really Rs. 50 lakhs. The total guarantee works out to only Rs. 33 lakhs, more than what they have already given.

“ As regards the present position, I may say at once that debentures to the value of Rs. 35 lakhs have been issued by us under the guarantee given under section 6. There will be only Rs. 7 lakhs under the guarantee under section 7. It comes to Rs. 42 lakhs. We want about Rs. 8 lakhs more to discharge these two series—series 6 and 9—in the first week of December. The total thus comes to about Rs. 50 lakhs and odd. The remaining Rs. 50 lakhs will be for the purpose of financing our operations in future. We floated debentures to the extent of Rs. 2 lakhs a month last year; now the demand is increasing to something like Rs. 3 to 4 lakhs every month.

“ The question was raised by my hon. Friend Mr. Krishnayya Choudari, that the amount of Rs. 5,000 fixed as the maximum for borrowing by an individual member is too low and that it ought to be raised. I am glad that the Government have already agreed to the proposal of the bank to raise this maximum to Rs. 10,000. Of course they have added a condition that we will have to do so in select areas. We will have to consult the Registrar with regard to the conditions on which this can be done. A start will be made practically immediately to raise the maximum in some areas at least to Rs. 7,000 in some places and to Rs. 10,000 in other places.

“ There was a complaint that the annual reports of the bank are not circulated to Members of this House and that they should be informed about the administration of the bank on account of the guarantee that is given. Certainly we agree to this, and we have

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absolutely no objection to circulate the report of the bank to the Members of the House; if the Government will undertake to circulate the copies as soon as the annual report is ready, we will be prepared to send the requisite number of copies.

“ Complaint was made as regards the issue of shares; I think it is an unjust complaint. Here I have the list of distribution of shares districtwar; I find that 19 districts in the Province have been given shares. (Mr. P. V. Krishnayya Choudari: ‘ How many shareholders are there in the Guntur and the Kistna districts? ’) Guntur—5 and Kistna—1. My friend seems to forget one thing. It is only when they find the satisfactory working of the bank now, everybody wants to have a share probably in the management of the bank. He forgets the fact that when it was started, there were not people prepared to buy shares; they were not coming in at all; we used to advertise in the papers for several months; we had very little response from the public for purchasing these shares. It was very difficult to induce the people to take shares; we had to go to friend after friend and induce them to take shares of this bank. (Replying Mr. P. V. Krishnayya Choudari) there are 81 shareholders in the Madras City. It was a question of people requesting friends to take shares and not a question of cornering the shares as was suggested. It is always the case; when a concern is started, very few people support it. When it is working well, everybody wants to get in. I may say this: there is no need for further shares, and it will not be in the interest of the administration of the bank to add more individuals, because this bank is intended for societies. We are issuing any number of shares to societies; but as regards individuals we do not want that people should come in either for political purposes or any other purpose. For some time past we have stopped the issue of shares to individuals. If, in case the Government think that any more shares should be allotted either on territorial basis or on any other basis, we have no objection; but the Government will have to realize this fact that in the interest of the bank itself there is no need to increase the share capital of the bank. If people who have no interest in the working of the bank come in, it would not be in the interest of the bank. (Mr. P. V. Krishnayya Choudari: ‘ Why should you have six persons on the directorate? ’) That is for the purpose of administration. It is according to the provision in the Act that the Board is constituted. If this Council were of the opinion that there was no need for this number, that is another matter. What happens in these institutions is this: it is individuals that give momentum to the work of the institution. For instance, Sir M. Ramachandra Rao has devoted practically all his time for the development of this bank for the last four or five years. But for his very steady and self-sacrificing work, I do not think this bank would have attained its present level of efficiency. As a matter of fact, this bank is leading the whole of India; everywhere they are following in the footsteps of this particular bank; the other day, Mr. Darling said that he took the

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example from Madras. Such being the case, I do not think that the Members of the House have got any reason to think that the affairs of this bank are not properly managed. If my hon. Friend, Mr. Krishnayya Choudari, wants anything to be done with regard to representation of any interests ignored so far, he is a member now, the shareholders' meeting will be held on the 24th; it is open to him to bring forward any proposal before the shareholders and I assure him that any reasonable proposal to carry out the interests of this bank will have the support of most of the shareholders.

"The point was raised by my friend, Mr. Nachiyappa Goundar, in a spirit of generosity but, I am sorry to say, hardly in the interest of the sound business. He says: in proprietary estates where there is no survey, there are people lending money on mortgaged securities; why not the Central Land Mortgage Bank? Unfortunately, in a public concern like ours, we cannot afford to take risks. If it is a private money-lender, he can take risks. We have to insist upon proper title being shown. If there is no survey, and if there is no patta, how can we lend money and take risk? It is people's money and money guaranteed by the Government; we have to safeguard the debenture-holders' interests.

"It was also stated that the percentage of the value of the property we lend is too low. There again there is difficulty. We have fixed not 35 per cent but 40 per cent of the value of the property as the maximum sum, we will advance. That is due to the fact that if the money is at default, interest will be accumulating and the question of cost of recovering the money will arise; we have to provide for all such contingencies. It should not also be forgotten that the value is not a permanent feature. Generally prices have come down during the last three or four years. In particular areas, when particular crops cannot be raised, the value of the land comes down. That is a thing which we have to take note of. I think 40 per cent is not a very low figure. If my friend, Mr. Krishnayya Choudari, wants to convince us that we can raise 40 to 45, that is a matter for the general body of the bank to decide. It is always better to have a safe margin so that the interest of the debenture-holders may not suffer if there is any default in payment, or if any adverse circumstances come into existence.

"Then the question of valuation was raised. I must tell the hon. Member that we cannot make any exception with reference to title and valuation. It will be dangerous. The whole business turns on the question of valuation. If the bank is not to be satisfied on these two issues, value and title, it will be very difficult for the bank to manage its business. If anything happens, if in any case we make a mistake and if it is known to the public, the prestige of the bank and the confidence of the people in the transactions of the bank will vanish; and we cannot think of persons coming to finance the bank; the whole thing will come to a stop there.

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"Then, Sir, there were some complaints about dry areas not being helped and also that we are not starting as many societies as may be necessary. I can only say, Sir, that in these two respects, the department has been doing its best. It is proceeding cautiously. In the case of dry lands where there are no irrigation facilities, it is naturally a bit reluctant. It is not correct to say that there are no banking facilities in such places; the report itself shows that there are several dry areas where banks have been started, and there are proposals to start banks in other places as well. But with reference to dry lands which are not irrigated, the policy of the bank is to be a bit cautious for the obvious reason that any failure of the monsoon will make it impossible for the ryot to pay up his loan, and make him become a defaulter. We want to avoid defaults. After all the position of a bank, which is a business concern, and that of the Government are entirely different. It may be under certain circumstances the Government should not care for business principles but should be generous, but in the case of a business concern, like a bank, I think we cannot afford to be generous at the expense of business principles and business procedure.

12-15
P.M.

"My friend, Mr. Basu Dev, stated that he opposed the motion. I think he was the only gentleman who opposed it. I am sorry he is not here, but his objection I could not understand. For one thing he said, why not the Government themselves help the people to discharge the debts as was done in Bhavnagar? Sir, we have no objection to the Government directly intervening and lending at the rate of 4 or $4\frac{1}{2}$ per cent and helping the ryots. As a matter of fact, in the conference which was called the other day by the Hon. the Finance Member to which three of us representing the co-operative societies were invited, we agreed that the Government might directly lend to the ryots at the rate of $4\frac{1}{2}$ per cent. We exist no doubt to help the ryots; if the ryots are going to be helped by the Government with a cheaper rate of interest, certainly, we won't stand in the way. It is because the Government want a bank to undertake this business that we are there. All that the Government do is to give us this help of guaranteeing our debentures, otherwise the whole thing is managed by us. The Government have agreed to lend money up to Rs. 2,000 for the purpose of discharging prior debts. As I said, we do not stand in the way, and in fact we approve of the action the Government are going to take. If the Government are prepared to lend money at lower rates of interest and to manage the business themselves, I think there can be no difficulty whatever. But, in the absence of the Government directly dealing with the problem, an institution like the Land Mortgage Bank is necessary, and that is why it has come into existence. So long as it is there, it has worked and is working, as I said, on business principles.

"His other objection was that societies were started without any preparation and suddenly. I am sorry, Sir, that he is speaking without experience. As a matter of fact, people in a locality have been asking

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for a bank for years before they got one. Several applications are made and deputations go, before a society is registered. It is not at all true to say that a society is sprung on the people without any notice or without preparation."

Mr. P. V. KRISHNAYYA CHOUDARI:—"But banks do not really come when they are wanted."

Diwan Bahadur T. A. RAMALINGAM CHETTIYAR:—"Facilities do not exist in places where they are wanted. For instance, we have to take into account the area, we have to find out whether the people there are in a position to utilize the bank, whether they will pay back the money; then there is also the bigger question of the personnel to manage these banks. In several places the banks are not able to work well for want of proper men to manage them. It was also mentioned by my friend, Mr. Choudari, that there are several banks which have not been working for several years. That gives the answer to the question raised by him; it is all due to want of proper men. Whenever a bank is asked for, the department makes enquiries, the Sub-Deputy Registrar or Deputy Registrar goes there and makes enquiries, and when everything has been done, the matter is sent up to us for approval or disapproval. Until that stage, we do not come in at all. It is therefore not the bank that is responsible for the starting or non-starting of societies in particular areas or in particular districts."

Mr. P. V. KRISHNAYYA CHOUDARI:—"But they are guided by the recommendations of the Central Bank."

Diwan Bahadur T. A. RAMALINGAM CHETTIYAR:—"As I said, Sir, in the earlier stages, the application is made only to the Deputy Registrar; then the Sub-Deputy Registrar goes and makes enquiries; afterwards, the Deputy Registrar of the district is consulted. Even when the enquiry is made by the officer of the Land Mortgage Bank, the opinion of the District Deputy Registrar is taken, and it is only finally that the Central Bank gets the case. I do not think there have been many cases in which the Central Bank stood in the way of societies being started.

"Again, Sir, it was stated that the number of Sub-Deputy Registrars has not been increased and that has been standing in the way of starting new banks. There I think the Hon. the Minister will have to admit that on account of the smallness of the number of these Sub-Deputy Registrars, several applications have been delayed and that we have been asking for more and more of them. No doubt, if we can have a few more Sub-Deputy Registrars, we can have a few more societies also started; but that is a matter for the Government to decide.

"Sir, these are some of the points which have been raised in the House, and I am thankful to the hon. Members for the interest evinced in the working of this bank; we want them to take greater interest and help this institution.

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“ With these words, Sir, I request that the House will give a unanimous vote in favour of this resolution.”

* The Hon. Mr. P. T. RAJAN:—“ Sir, the administration report of the bank was circulated rather late; but though there was delay, I am glad to see that hon. Members have perused the report and placed their suggestions and observations before the Government for their consideration. I propose to reply to the points raised both by my hon. Friends, Messrs. Krishnayya Choudari and Koti Reddi, as those points practically cover the whole field.

“ Mr. Krishnayya Choudari asked for the number of primary banks functioning in the Presidency to-day; they are 77 in number. I can also give the number of banks which were brought into existence in the last three years:—

1933 ...	...	...	...	...	...	17 new banks.
1934 ...	...	...	...	...	...	9 banks.
1935 ...	...	...	...	...	...	2 „

“ Altogether, during the last three years, 28 banks have been started. If we could not increase the number of banks, it is because of the difficulties pointed out by my friend, Mr. Ramalingam Chettiyar, viz., that we do not get the necessary human material to work the banks and secondly that more banks mean more staff. In these days of depression, the Government cannot afford to increase the staff indiscriminately. The main objection, however, is, as I said, that we cannot find the necessary human material to work these banks properly. My friend, Mr. Choudari, himself pointed out that a number of banks have not been functioning for the last four or five years. I propose to instruct the department to wind them up and transfer them to other places in the same district, if we find that proper men are forthcoming to work them. In the case of the Rajapalayam and Watrap banks, it is proposed to amalgamate them with headquarters at Srivilliputtur. In this connexion, I should point out to my friend, Mr. Nachiyappa Gounder, who is ceaseless in his efforts to help the people of Salem district, that he might pay some attention to the working of the bank at Tiruchengodu. If there is no hope for that bank, it will have to be transferred elsewhere, unless we get persons to come forward and give a guarantee that they would work the bank. The other four or five banks have not yet started functioning for the simple reason that they have not had sufficient time to begin work; and I do hope that by next year they will be in a better position to help the ryots by recommending necessary loans.

“ Sir, the fact that none of these primary banks made any default in the payment of arrears due to the Central Land Mortgage Bank shows that these institutions are functioning fairly well. If all these banks together cannot give that amount of help to the ryots which

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we all expect them to do, it is not the fault of these institutions. Government have imposed conditions and they want that these banks should work cautiously and carefully, so that the confidence in the Central Land Mortgage Bank and the primary banks may not be shaken. It is better to give help consistently, though to a limited few, than to help a number of people for some time and then stop such help because these banks do not function properly.

12-30
P.m.

"Now, Sir, I come to the other point, namely, that the shares have not been evenly distributed among the districts. In this connexion I should like to give, with your permission, Sir, a brief account of the capital and shares of the bank. The authorized capital of the bank is Rs. 10,00,000 which is made up of 10,000 shares of Rs. 100 each, of which only 5,000 shares have been made available at present for allotment and the other 5,000 shares are held in reserve to increase the holding by primary banks later on if found necessary. Every Land Mortgage Bank is eligible for membership in the Central Land Mortgage Bank and any person over 18 years of age is also eligible for membership. Government is also a shareholder. In the case of individuals we have taken care to see that no individual holds more than Rs. 2,000 worth of shares. At present there are 191 individual members holding 799 shares to the value of Rs. 79,900; there are 71 banks holding 1,585 shares to the value of Rs. 1,58,500. In 1930 shares to the value of Rs. 50,000 were allotted to individual members and when it was found that they were not enough, that amount was increased to Rs. 80,000 in 1933. In future it is not proposed to allow individual members to join the bank and membership will be restricted chiefly to the societies. Sir, I am aware of the feeling on the part of some Members of this House that there has not been a due proportion of shares in respect of individual members in the districts. I see, to some extent, there is force in the point, but my hon. Friend, Mr. Ramalingam Chettiyar, has pointed out that that was not due to any fault on the part of the bank that shares were not made available. At the time when the bank was started, nobody would even look at the bank, but now that the bank is in a flourishing condition and it is functioning well, individuals want shares. Be that as it may, in order to rectify that mistake and to meet the wishes of hon. Members of the House, I propose to suggest to the Board of Directors to issue shares to the value of Rs. 20,000 and see that they are distributed in those districts which have not received their due share, so that the deficiency might be made up. When this opportunity is given to the districts, I do hope men who are interested in the working of the bank would enter the bank and devote their time and energy to administration with greater success.

"Sir, in regard to the other point raised by hon. Members, viz., that there should be no differential treatment between dry and wet areas, I may say that as far as I am aware there is no hard and fast rule regarding the area in which these banks are to be started. The

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general criterion observed in granting loans to members is, their capacity to repay the loans after deducting a fair margin to meet their own requirements. To this extent the value of the land to be mortgaged is taken into consideration. In areas where these conditions are satisfied, naturally the banks are established more easily. If in dry areas, similar conditions are found I do not think there can be any objection to the starting of new banks. It is only in wet areas that it is far more easy to satisfy the conditions which I have just now mentioned. I am quite sure if hon. Members would satisfy the Registrar about these conditions, namely, the repaying capacity especially of people who stand to benefit by these banks and that if proper men would come forward to work the banks, the Registrar would certainly take a very sympathetic view of such representations for the starting of new banks wherever and whenever necessary.

“Sir, my hon. Friend, referred to the appointment of executive officer. So long as the affairs of the bank are managed well, I do not see any reason for the appointment of an executive officer by Government.”

Mr. P. V. KRISHNAYYA CHOUDARI:—“When once the matter goes wrong, there is no use in appointing an executive officer.”

* The Hon. Mr. P. T. RAJAN:—“As it is, the interests of the Government are looked after by the Registrar of Co-operative Societies, who is an ex-officio member of the Directorate, and he is also on the Executive Committee. Besides, there are two nominees of the Government on the Directorate and one of these two nominees is also on the Executive Committee. The Registrar who is the trustee of the bank looks after the interests of the debenture holders. In this capacity he has got such wide powers that nothing could be done without his knowledge. At every stage practically, he is consulted and in some cases his previous consent is necessary. As such I do not see any reason for interfering with the management of the bank as suggested when everything is as good as can be expected.

“Sir, I am however aware of the feeling, that in view of the fact that Government have guaranteed both principal and interest, the management of the bank should be taken up by Government and managed by the department. If necessity for such a course ever were to arise the Government of the day, I am quite sure, will consider that suggestion. As I said a minute before, since the bank is functioning properly and since the Registrar in his capacity as Registrar and Trustee has complete control, there is no necessity to interfere with the affairs of the bank at present.”

Mr. P. V. KRISHNAYYA CHOUDARI:—“Why not you make all the local bodies purchase all the debentures?”

* The Hon. Mr. P. T. RAJAN:—“It is not a question of forcing anybody. As a matter of fact, the bank deals with long-term loans, so

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that the loan amount can be paid only in 15 or 20 years time. As such, the local boards and other bodies may not find it convenient to invest their funds in this bank as they will not be in a position to get back the amount when they want."

Mr. P. V. KRISHNAYYA CHOUDARI:—"If they are prepared, what is the objection?"

* The Hon. Mr. P. T. RAJAN:—"If they are prepared, I am quite sure my Hon. Colleague who is in charge of Local Self-Government will gladly consider the question and see that such restrictions are removed.

"Sir, I would like briefly to refer to the series of debentures which are being redeemed now. My hon. Friend, Mr. P. V. Krishnayya Choudari has pointed out that series No. VIII is being redeemed in preference to series VI and IX which carry greater rates of interest. That point was met by my hon. Friend, Mr. Ramalingam Chettiyar. It is because of section 4 (2) of the Act that this policy has been adopted by the bank and in this case it was not for the purpose of converting these debentures into ones carrying lesser rates of interest. The IX series of debentures was specially floated for issuing 5 per cent debentures offered in lieu of redeemed debentures and the amount of Rs. 1,91,900 represents the value of debentures carrying higher rates of interest prior to their conversion. The bank proposes to redeem series VI and IX by the 1st December 1935 and further contemplates redeeming series VII in course of time as and when they get money. Though the guaranteed rate of interest is 5 per cent I am quite sure the bank will, as far as possible, fix only a lesser rate as is evident from the rates fixed for series X, XI, XII, XIII, viz., 4, 4, 4, and 3½ per cent. Only in the case of series IX instead of scaling down the rate of interest in one jump from 6 or 6½ per cent to 4 per cent the bank is doing it gradually. If any one is to complain about the low rates of interest it is the debenture holders who have been forced to convert their debentures which carried a higher rate of interest to ones carrying a lower rate.

12-45
p.m.

"Sir, before I refer to the necessity for increasing the guarantee of amount to the Central Land Mortgage Bank I may briefly refer to the points raised by my hon. Friend, Mr. Basu Dev. He has made a number of misstatements. As mentioned by my hon. Friend, Mr. T. A. Ramalinga Chetti, they were made without any knowledge and without any basis. As far as allegations are concerned I propose to reply by ignoring them as I consider it to be the best way of meeting these allegations. As a matter of fact he has taken advantage of the freedom of speech offered to this Honourable House and has made serious allegations which if they had been made outside would have landed him in trouble. With reference to the defalcation of the Workers' Co-operative Bank, unfortunately rival labour parties got into the bank and ruined it. The less I say about it the better. The man, who misappropriated the amount, was sufficiently punished in

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a court of law. Then my hon. Friend, Mr. Muniswami Pillai, has said that other co-operative banks do not receive the same help as the Central Land Mortgage Bank receive. He referred to the case of Central House Building Co-operative Society where Government refused to guarantee the debentures raised by that society. As a matter of fact Government have been helping the building societies and if societies want to have central society it is up to them to start one and the Government will give as much help as they can. After all, the help which is being given to the Central Land Mortgage Bank is not direct but a guarantee which is only a contingent liability. Regarding the grievance of Potato Growers Association I may say that it is receiving the consideration of the Registrar and there is a proposal to help that association by finding godowns and other marketing facilities. Since the work of any association depends a great deal on the members themselves the department can give them suggestion, advice and co-operation, but the main work of any particular association must necessarily fall on the members of that association. If the Potato Growers Association take that responsibility upon themselves I am quite sure the Government and the department will not lag behind in their support to that association."

Diwan Bahadur T. A. RAMALINGAM CHETTIYAR:—"I fear the hon. Member is confusing one with the other. There was a recent proposal to form a new society and there was a difficulty in registration. Will the hon. Member send for the paper and see it?"

* The Hon. Mr. P. T. RAJAN:—"With reference to the new society I believe the society has been registered. Anyhow, I am prepared to look into the matter and give that help which that association is in need of. Coming to the points raised by my hon. Friend, Mr. Nachiyappa Gounder it is needless for me to speak on those points as Mr. T. A. Ramalinga Chettiyar has dealt with them in his speech. Sir, Government have guaranteed under section 7, Rs. 2,25,000. These are debentures issued by bank before the introduction of the Act and subsequent to the Act they have guaranteed debentures to societies to an extent of 50 lakhs and out of that 50 lakhs the bank has issued debentures to the value of 35 lakhs of rupees. As at present arranged the bank will be floating debentures for about nine lakhs of rupees in 1935 to replace the debentures of the VI and IX series besides debentures for about Rs. 2 to 3 lakhs every month for issue of loans to primary banks. It is expected that by January 1936 the present maximum of Rs. 50 lakhs carrying the Government guarantee under section 6 of the Act will be exhausted. In order to invest the new debentures with the status already achieved by the previous debentures and make them popular with the public the bank has requested the Government to increase the maximum amount from 50 to 150 lakhs. Government while agreeing to the request have proposed to increase the amount to 100 lakhs only now, viz., 50 lakhs at a time so that the House may have an opportunity of considering the working of the

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bank carefully when a similar request is made in future. Sir, now I hope the House will accept my resolution, viz., that the guarantee amount be raised from 50 to 100 lakhs of rupees so as to make the bank more helpful and useful to the people of this province."

* The Hon. the PRESIDENT:—"The question is:—

'That this Council recommends to the Government that they may, under sub-section (2) of section 6 of the Madras Co-operative Land Mortgage Banks Act, 1934, increase the maximum amount of the guarantee given by them in respect of the debentures issued by the Central Land Mortgage Bank to a total face value of Rs. 100 lakhs exclusive of such debentures as the bank may from time to time redeem, subject to the periods of issue and the rate of interest specified in the resolution passed by this Council on the 4th August 1934.'"

The resolution was put and carried.

The House then adjourned for lunch.

After Lunch (3 p.m.)

III.—A BILL TO AMEND THE MADRAS CITY MUNICIPAL ACT, 1919, FOR CERTAIN PURPOSES (BILL No. 11 OF 1934)—*cont.*

Discussion on the amendment to add a new proviso to section 102, left over the previous day, was resumed.

Mr. W. K. M. LANGLEY:—"Mr. President, discussion on this amendment was postponed till to-day so that we might be given certain facts and figures. The Hon. the Chief Minister has been kind enough to supply us with certain figures and information and satisfied us that it was impossible for him to agree to this amendment. In view of this, it is not intended to press the amendment."

The amendment was, by leave, withdrawn.

Clause 56 was put and carried.

Clause 57.

Section 104.

Discussion on the amendment of Mr. Basheer Ahmed Sayeed to section 104 moved the previous day was resumed.

* Mr. BASHEER AHMED SAYEED:—"Mr. President, I was referring yesterday to the scheme of the levy of tax under section 104 and that contemplated in section 98-A. I suggest, Sir, that the section as it now stands may be left without being tampered. As I pointed out yesterday, it will be administratively difficult to levy tax every half year. The whole scheme of the Act is that the tax should be fixed for the year. If hon. Members will read section 98-A and all provisions thereunder it will be seen that the levy of tax is made only for

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the year and not for each half year. But the collection is for the purposes of conveniences divided into two equal instalments. If you are going to say that the Council should levy taxes half yearly does it or does it not follow that the Council should meet every six months and decide on the taxes and the manner in which the tax should be collected? I think, Sir, there is no consistency between the scheme underlying section 98-A and the scheme of section 104. I, therefore, suggest that the present provision may be left as it is, the tax being levied every year but recoverable in two equal instalments. I do not think, Sir, I should take up any more of the time of the House."

Mr. V. T. ARASU seconded the motion.

* Diwan Bahadur C. S. RATNASABHAIPATI MUDALIYAR :—" Mr. President, Sir, I fear I must oppose the motion of my hon. Friend, Mr. Basheer Ahmed Sayeed. He stated that the scheme adumbrated in section 104 is inconsistent with the provisions of section 98-A. It was solely with a view to conform its provisions with section 98-A that section 104 has been amended. This was very fully explained at the time when the Select Committee was considering the Bill. Sub-clause (2) of section 98-A says that the resolution shall specify the date from which, the rate at which and the period of levy, if any, for which such tax or duty shall be levied. Supposing in the middle of the year any tax has to be levied, it can be done under the existing clause. I do not think there is anything inconsistent in this. I must say that there must be a provision in the Act for the levy of the tax in some cases half yearly. It is only for the sake of convenience that sections 98-A and 104 were amended.

" Besides, Mr. Basheer Ahmed stated that for every tax there has to be a resolution of the Council. It is only when you want to increase the rate or the rates of taxes or impose a new tax, a resolution has to be passed by the Corporation. So, Sir, I do not consider that this clause should be amended as proposed by Mr. Basheer Ahmed Sayeed."

Rao Bahadur P. C. MUTTHU CHETTIYAR spoke in Tamil :—

" இந்த மாதிரியான புரோவிசன்களுக்கு யாதொரு அவசியமில்லையென்று நினைக்கிறேன். ஏனென்றால் 5 வருஷத்துக்கு ஒரு தரம் விலைமதிக்கக்கூடிய தாயிருக்கிறது.

" தவிரவும் எந்த சொத்தையாவது கொஞ்சம் குறைத்து வரி விதித்தால் அது சீர்திருத்தம் செய்வதற்கு ரெவினியூ ஆபிசர்கள் ரொம்ப ஜாக்ரதையாயிருக்கிறார்கள். ஒரு வருஷத்துக்கு ஒருதரம் விலை மதிக்கவோ வரி மதிக்கவாவது, என்றால், அதற்கு அர்த்தம் உண்டு, மாசா மாசமாவது மூன்று மாசத்துக்கு ஒருதரமாவது வரி விதிப்பது என்றால் என்ன விதமாய் நடக்கும் என்பது தெரியவில்லை. இது மற்ற ஜில்லாக்களுக்கு இந்த பிரின்ஸ்பல் ஏற்பட்டால் ரொம்ப கடினமாயிருக்கும்.

" மொபிசில்களில் ஒரு கட்டிடத்தின் ஒரு வருஷத்திய வரும்படியின்மேல் வாடகை மதிப்பை உத்தேசிக்கிறது.

" இது நீலகிரி, கொடைக்கானல், குற்றாலம் போன்ற ஹெல்த் சானிடேரியம் பிரதேசங்களில் கட்டிடங்களுக்கு ஒரு வருஷத்துக்கு மூன்று, நான்கு மாசந்தான்

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வாடகை வருகிறது, இது நன்றாக நடக்கிறது தெரியும். கவர்ன்மெண்டார் இந்த வரிவிதிப்புகளினால் சாஸ்த்தி வரி வரமுடியாது, இதின் வழியே சரியல்ல.

* The Hon. the RAJA OF BOBBILI:—"Mr. President, this question was discussed at the Select Committee stage and we have now given power to the Corporation either to levy new taxes or to reduce a tax at any time within a year. It is considered necessary to make this provision so that the tax may be levied every half year and the Corporation may have power either to increase or decrease the tax according as the tax is levied for the first time or otherwise. It will also enable the tax-payer to prefer an appeal every six months if there is any mistake and if he feels that he has been unreasonably assessed. This is considered to be more convenient. This practice exists under the District Municipalities Act also. I oppose the motion."

* Mr. BASHEER AHMED SAYEED:—"I am sorry, Sir, the Hon. the Chief Minister has not appreciated the spirit of my amendment. The procedure that is now followed is that no new tax can be levied except it be by a resolution of the Council determining what tax shall be levied and it is not contemplated anywhere that the Council shall by resolution impose a tax half yearly. What is done is that the rate of tax is determined at only one meeting of the Council, viz., the budget session of the Corporation and in the matter of collection the tax is collected in two instalments. It cannot be that you can levy tax at the half-year. There is no procedure laid down anywhere for that. Sub-clause (2) of section 98-A reads as follows:—

"When the Council shall have determined to levy any tax or duty for the first time or at a new rate, the commissioner shall forthwith publish a notice in the manner laid down in sub-section (1) specifying the date from which the rate at which and the period of levy, if any, for which such tax or duty shall be levied."

"Is it to be contemplated that even for a tax levied for a half-year all this procedure should be gone through? The taxes for collection purposes are all for the year only. Section 99 (2) says—

"Save as otherwise provided in this Act, these taxes shall be levied at such percentages of the annual value of buildings and lands as may be fixed by the council."

"There is no particular levy for the half-year. The levy is only for the year though the payment is made every half-year. If a new tax is to be imposed or increased, the Corporation has to pass a resolution saying that such and such taxes have to be levied or increased and is this to be done every half-year, when as I have stated 99 (2) says that the taxes shall be on the basis of the annual value? I leave it to Government whether to accept or reject the amendment."

The amendment * was put and lost.

Clause 57 was put and carried.

* Mr. BASHEER AHMED SAYEED:—

(a) After the word 'premises' and before the word 'within' insert the words 'in two equal instalments.'

(b) In section 104, for the words 'half-year' substitute the word 'year.'

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Clause 58.

Section 105.

* Mr. T. B. RUSSELL:—"I move—

'For sub-section (3) the following shall be substituted, namely:—

"(3) (a) No claim for such remission shall be entertained unless the owner of the building or his agent has previously thereto delivered a notice to the Commissioner—

(i) that the building is vacant and unlet; or

(ii) that the building will be vacant and unlet from a specified date either in the half-year in which notice is delivered or in the succeeding half-year.

(b) The period in respect of which the remission is made shall be calculated—

(i) if remission is sought in respect of the half-year in which notice is delivered, from the date of delivery of the notice or from the date on which the building became vacant and unlet, whichever is later; and

(ii) if remission is sought in respect of the half-year succeeding that in which the notice is delivered, from the commencement of the half-year in respect of which remission is sought or from the date on which the building became vacant and unlet, whichever is later.

(c) Every notice under clause (a) shall expire with the half-year succeeding that during which it is so delivered, and shall have no effect thereafter."

"This is mainly a drafting amendment which follows the lines of the District Municipalities Act. The amendment makes it clearer. One important point is that it provides for giving notice of vacancy in advance. The Bill as approved by the Select Committee makes no provision by which notice can be given in advance. I think it will be convenient to both the parties."

Mr. T. SUNDARA RAO NAYUDU:—"I beg to second it. This amendment clears many of the practical difficulties in the old Act."

* Diwan Bahadur A. APPADURAI PILLAI:—"My amendment does not arise now because the amendment just now moved by Mr. Russell has altered the wording. I would prefer to drop my amendment and support the amendment of Mr. Basheer Ahmed if moved."

* Mr. BASHEER AHMED SAYEED:—"My amendment is—

'In section 105 (3) add the following at the end—

"or from the date from which it is proved to have remained vacant or unlet".'

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"It must be added from the date from which it is proved to have been vacant or unlet. And similarly with regard to (b) (2) in the proper place it will have to be inserted. I have had no time to consider where it should be inserted."

The amendment was not moved.

Mr. Russell's amendment was put and carried.

Clause 58 as amended was put and carried.

Clauses 59 and 60 were put and carried.

Clause 61.

* Mr. BASHEER AHMED SAYEED:—"I move the amendment that stands in my name, that is—

'Omit the words "or a company" in line 5 of sub-clause (i).'

"I brought forward this amendment in the Select Committee. But that does not preclude me I submit from placing the same before the House although I might have failed in the Select Committee. I submit, Sir, that there is every reason that 30 days' time should be given for the Government and other quasi statutory bodies like the railway administration. But I fail to see why 30 days' notice should be given to a company, or other individual, or organization or any society. I do not think that so much time should be given to a company as is given to Government or railways. Company does not deserve any preferential treatment as against individuals who are given only 14 days' time in order to comply with the requirements of the commissioner under this section. I have not heard, Sir, even in the Select Committee proceedings any reason for giving differential treatment to the company. I therefore suggest that company may be left out and only Government and railway administration may be given 30 days' time for compliance."

Mr. V. T. ARASU:—"I second it."

Diwan Bahadur C. S. RATNASABHAPATI MUDALIYAR:—"Mr. President, this clause was fully discussed at a meeting of the Select Committee. It was thought that some companies owning a number of buildings, if the assessment is made for the first time, should have 30 days' time for preferring revision petitions. A company must have sufficient time to prefer appeal as the chief officers of the company may be in another province or England. They must be given time to consult their head offices and it was for that reason that the change was found necessary. (Mr. Basheer Ahmed Sayeed: 'The correction section 109 does not contemplate appeals but only calls upon the company or agent to give returns with regard to facts and figures.') That applies to all cases, Sir, whether it is demand for new assessment or notice calling for returns. In every case companies may require longer time than private individuals. So it was thought necessary that they should be

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given a longer period, and by so doing I do not think the interests of the Corporation in anyway suffers."

* Mr. W. K. M. LANGLEY:—"Mr. President, I should like to oppose this amendment for the cogent reasons advanced by my hon. Friend, the member for Coimbatore. It is the case within my own experience that companies for which firms may be agents and which are not actually represented themselves within the City or out of the municipality are called upon to submit certain returns. In many cases the so-called agent is only an agent for the company in a complimentary sense and such notices will have to be sent as Mr. Rathnasabhapati Mudaliyar has said to the head office of the company wherever it may be. It seems to me to be only reasonable that certain additional period should be allowed in the case of companies in order to meet such cases."

The Hon. the RAJA OF BOBBILI:—"I do not think it is necessary for me to speak at length on the subject. Two previous speakers who preceded me have clearly made out a case against this amendment. I therefore oppose this amendment."

Mr. T. S. RAMASWAMI AYYAR:—"Though there is no other amendment, I would like the Hon. the Chief Minister to consider whether even in the case of individuals he will not extend the time to 30 days. Though there is no specific amendment, I should submit that even in the case of private individuals he should extend the time to 30 days, because the same difficulties arise. It may sometimes happen that the individual or the owner may not be in the City when the return is asked or he might not have the information to give immediately. So could it not be that even in the case of individuals 30 days may be the time fixed as minimum?"

The Hon. the RAJA OF BOBBILI:—"There is no separate amendment."

* The Hon. the PRESIDENT:—"I have no notice of the amendment at all."

The amendment of Mr. Basheer Ahmed Sayeed was put and lost.

. Clause 61 was put and carried.

Clause 62.

Section 110.

* Diwan Bahadur A. APPADURAI PILLAI:—"Sir, I beg to move the amendment standing in my name, viz.—

'After the words "under the same Act" in the proviso, insert 3-30
the following:— p.m.

'and societies registered under the Indian Companies Act
and intended solely for the benefit of poor and destitute
families'."

[Mr. A. Appadurai Pillai] [8th November 1935]

"Sir, the proviso says:—

'Provided that any society registered or deemed to be registered under the Madras Co-operative Societies Act, 1932, and the paid-up capital of which is less than fifty thousand rupees and any other society registered or deemed to be registered under the same Act, which on the recommendation of the Commissioner, the Council may by resolution exempt from the payment of the tax on companies shall not be liable to the tax on companies but such society shall be liable to profession tax.'

"Here, Sir, the proviso protects only societies registered under the Co-operative Societies Act, from assessment under the companies' tax. Most of the societies referred to by me are Benefit Societies, or Charitable Institutions and although they are intended to benefit the poor and the destitute they will come under section 110 (1) and be liable to be taxed as companies. The proviso exempts only companies registered under the Co-operative Societies Act. I claim by my amendment that that concession should be extended to societies registered under the Indian Companies Act but are intended solely for the benefit of poor and destitute families. I have in mind Benefit Societies which have no capital and no income whatever and which exist solely for the benefit of the poor, particularly, when the bread-winner dies and the family is left in utter destitution. We come across instances where families of wage-earners and employees are left in the lurch owing to the sudden demise of the bread-winner. There are societies registered under the Companies Act, but intended only to benefit the poor and the destitute, which I have now described. It is the intention of some members who examined the provisions of this Act that I should urge on this hon. House the desirability of exempting from liability to companies' tax, Benefit Societies which do not earn any profit at all, but which exist only for the relief of the poor and the destitute. There are societies called Christian Benefit Fund Societies. Whenever the death of one of the members is reported, a call is sent round to the members of the society on the roll to contribute a rupee or two each as the case may be, and whatever amount is thus collected, after deducting a small sum for meeting expenses, is disbursed to the family of the deceased member. Such Benefit Societies though registered under the Indian Companies Act should be exempt from assessment to companies' tax. My reason is that, if they are treated as companies and charged as companies, they will be liable to assessment on a larger scale. You will find from Schedule IV of the Bill that the minimum chargeable as tax on companies is Rs. 25, but if benefit societies are charged only profession tax the maximum payable will be Rs. 5 and the minimum Rs. 4. I shall illustrate my point. Suppose the income of a Benefit Society is not less than Rs. 100 and not more than Rs. 200 per mensem, it will be charged a profession tax of Rs. 5 maximum or Rs. 4 minimum. The same society, if it were to be assessed as a company, will have to pay Rs. 25 and that will be five times the amount which it will have to pay as profession tax. My contention is, therefore, that a Benefit Society intended solely for the poor and the destitute, particularly families bereft of their bread-winners, ought to be

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given this concession and ought not to be treated as a company assessable to Companies' tax. These societies will not escape the payment of profession tax, as the proviso makes it clear that 'and any other society registered or deemed to be registered under the same Act which on the recommendation of the commissioner, the Council may by resolution exempt from the payment of the tax on companies shall not be liable to the tax on companies but such society shall be liable to profession tax.' The concession that I seek is only that, instead of being assessed as companies and charged a higher rate, they may be assessed to profession tax so that the difference between the company tax and profession tax may go to the benefit of the poor and the destitute. That is my point. This point has been included in the joint memorandum of the Indian Christian community presented to the Select Committee. I appeal to the hon. Members of this House to support my amendment. It will not decrease the finances of the Corporation but it will be a great help to the destitute and the poor on whose behalf the Death Benefit Fund Societies work."

Sriman M. G. PATNAIK Mahasayo:—"Please explain how they differ from Insurance Companies?"

* Diwan Bahadur A. APPADURAI PILLAI:—"My Friend wants me to explain how these Death Benefit Societies differ from Insurance Companies. I am not prepared to satisfy his curiosity. He is a lawyer whose professional knowledge is more comprehensive than mine. I leave it to him to explain the difference. By this amendment I only claim exemption for Death Benefit Societies from payment of companies' tax, while they remain liable to be charged to profession tax."

* Mr. C. BASU DEV:—"I second the amendment and in doing so, I must admit that from the mere fact that a society calls itself a Benefit Society one should not infer that it is really started to help its constituents. But inasmuch as this proviso itself provides a double safeguard, first for the recommendation of the commissioner and then the acceptance of the same by the Corporation, I think there will be sufficient guarantee that this concession provided for will not be misused. I am aware that there are several Benefit Societies which benefit more the promoters than the constituents themselves.

"My Friend, Mr. Patnaik, wanted to know the difference between an Insurance Company and a Death Benefit Society. Insurance Companies pay up the sums assured on the deaths of the insured persons without touching any of the other constituents, but death benefit societies go to the rescue of the families of their deceased constituents by calling for subscriptions from the other members under a call system. The call-money is pooled and a certain percentage paid to the family of the deceased. While the former is based on contract between the company and the constituent, the latter is based on mutual help between the constituents themselves, the executive of the society only acting as collecting agents. I hope that the Government and the House will accept this necessary amendment."

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Mr. G. R. PREMAYYA:—"Sir, in rising to support the amendment, I wish to say a few words. I do not know if all hon. Members have understood what the hon. Mover pleaded for. I do not know if there are Benefit Societies in the other communities. In the Christian community we have some societies of this nature. In my district there is a society registered under the Companies' Act, run entirely by honorary workers. The president and secretary are both honorary workers. The society consists of some 300 members. On the death of a member of the society the nearest relative of the deceased would write to the secretary for money and the secretary with the consent of the president would write to all the members to contribute a rupee each. The money thus collected is sent to the family of the deceased for the expenses of any service or ceremony that may be conducted there. It exists only for the community. And it is registered under the Companies' Act only to avoid suspicion, and not to make profit for itself. In the circumstances to charge it to Companies' Act, simply because it is registered under the Companies' Act is not reasonable. So, I say, Sir, societies of that kind should be exempt from the Companies' tax."

The Hon. the RAJA OF BOBBILI:—"Sir, the amendment does not straightaway exempt from companies' tax such societies as are registered under the Indian Companies Act, but only gives power to the Corporation Council to exempt, on the recommendation of the commissioner such societies as really deserve such assistance."

3-45
p.m.

Mr. R. MADANAGOPAL NAYUDU:—"I move, Sir, that—

'for the words "societies" in the amendment the words "any society" may be substituted.'"

The amendment was duly scconded and was put and carried.

* The Hon. the PRESIDENT:—"I will now put the amendment of Mr. Appadurai Pillai as amended by Mr. Madanagopal Nayudu to the vote of the House. The question is—

'After the words "under the same Act" in the proviso, insert the following:—

"and any society registered under the Indian Companies Act and intended solely for the benefit of poor and destitute families".'

The amendment was put and carried.

* Rao Sahib V. I. MUNISWAMI PILLAI:—"I beg to move the amendment that stands in my name, that is—

'Add the following words after the word "tax" in the first proviso:—

"provided the share capital exceeds 1,000 rupees".'

"Sir, the clause as it stands, will apply even to societies whose share capital is less than Rs. 25,000 and in their cases also, it is said, that on the recommendation of the commissioner the Council may exempt them from companies tax. It may be within the memory of this Council

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classes societies in the city that they must be excluded from any kind of taxation, either companies' or profession-tax. Unfortunately my hon. Friend, Mr. Krishnayya Choudari, who gave notice of a similar amendment withdrew it. If that amendment had been moved, it would have achieved my object. Now, Sir, any society, if it were not to be assessed for company's tax, must pay profession-tax. If my amendment is accepted, it would give some relief to such co-operative societies which have a share capital of below Rs. 1,000. The difficulty is that most of these societies are managed by honorary people who cannot find time to prepare statements to be submitted to the Corporation. So in the interests of very poor societies I am demanding that this amendment should be accepted. The other day when we were discussing the definition of 'company' the Hon. the Chief Minister said that no useful purpose would be served by accepting this amendment since discretion is given to the Corporation to exempt these societies. But in the case of very poor societies, as already explained, there will be difficulty. I therefore request the Hon. Minister to accept this small amendment and give relief to small societies."

* Mr. M. DEVADASAN:—"I beg to second the amendment moved by my hon. Friend, Mr. Muniswami Pillai. In this connexion I submit that in the names of the depressed classes some of the leaders are running some companies and societies and they have got to pay company's tax, profession-tax or any other tax just like other people. In the past some societies had to work under great difficulties and they had to make representation before the Corporation officials for the remission of taxes on the score of inability to pay the sum. On those occasions they were told that the Corporation were not empowered to grant any such remission and that they were debarred by the provisions of the old Act. Now there is a chance of amending the Act so as to suit the needs of the poorer class of people. I do not want in this connexion that partiality should be shown to the depressed class people or companies to be started by them. But it is solely with a view to enable them to run the existing societies or companies for some time to come that I want this amendment to be accepted. I second the amendment."

Mr. P. V. KRISHNAYYA CHOUDARI:—"I have to make certain remarks owing to the observation made by my hon. Friend, Mr. Muniswami Pillai, viz., that I have withdrawn my amendment. We have already provided for a limit of Rs. 50,000 up to which the Corporation may exempt co-operative societies from the companies' tax. So I thought there would be no use wasting the time of the House by moving my amendment. There will not be a share capital of more than Rs. 50,000 unless you take into account the loans that they raise. Of course they may take in deposits. But if you are going to consider them as share capital, the total share capital of the society may go very high. Moreover, the amendment moved by my hon. Friend will not give any

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benefit to the depressed class societies. On the other hand, it will be more inconvenient for them. So I oppose the amendment."

The Hon. the RAJA OF BOBBILI:—"The amendment seeks to exempt such societies whose share capital does not exceed Rs. 1,000. But in the case of profession-tax, a profession-tax of Rs. 4 is derivable on any income of Rs. 1,200 a year. It seems unlikely that a society with a capital of Rs. 1,000 will be making a profit of Rs. 1,200 a year. For the first time, we have given power to the Corporation to exempt any society, if the Corporation considers that such a society deserves it. I therefore consider that the amendment is unnecessary. I oppose it."

The amendment was by leave withdrawn.

Clause 62, as amended, was put and carried.

Clause 63.

Section 111.

Mr. P. V. KRISHNAYYA CHOUDARI:—"I beg to move the amendments that stand in my name—

'For sub-section (1) (a) (i), the following may be substituted:—

"(i) within the city for not less than 120 days in the aggregate"

'For sub-section (1) (b) substitute the following:—

"(b) resides in the city for not less than 120 days in the aggregate and is in receipt of any pension or income from investments"

"The very principle of this legislation is that when once you collect the tax from a person, he must be given the power of voting. That is the idea. Unless a person has resided in the city for not less than 120 days, he will not be entitled to vote under the franchise clause. So my idea is that unless a person exercises his profession in the city for not less than 120 days, he should not be liable to pay profession-tax. The same argument applies to the other amendment also. These are the reasons for my amendments."

Mr. V. T. ARASU:—"I second the amendments."

Mr. R. MADANAGOPAL NAYUDU:—"I am really surprised at the argument of my hon. Friend, Mr. Krishnayya Choudari, who says that, because a man pays tax, he should be allowed to vote, no matter whether he resides in the city for 120 days or not. Nobody asks any man who pays his profession-tax not to remain in the city for 120 days. But on account of one's own conveniences if a man were to leave the city after

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60 days, that does not mean that he ought not to pay his profession-tax. Only when a man carries on his business or trade or profession for not less than 60 days he is asked to pay a tax. Therefore to say that, because a man may not get his vote if he stays for 60 days, he should not be taxed is not a sound argument."

The Hon. the RAJA OF BOBBILI:—"Under the present Bill if a person stays in the city for 60 days for the half year he will be liable to profession-tax. But if this amendment is accepted, I presume that if he stays only for 120 days he will be liable to profession-tax, which I am sure is not the intention of the Mover of this amendment. I therefore oppose the amendment."

* Mr. BASHEER AHMED SAYEED:—"I rise also to oppose the amendments. If these amendments are to be accepted, it would mean a terrible loss to the Corporation finances. Profession-tax is one of the main taxes and if it is going to be made that a man who resides for 120 days only in the city should be made liable, that would mean for nearly four months of the half year he can stay outside the city and then come to the city and also escape profession-tax. Even when we fix 60 days there are some persons who evade payment of their profession-tax. Provision has been made to avoid such a loss either to the Corporation or to any other municipality. Notwithstanding the existence of such a provision as the present one there are people who are clever enough to evade the law. So if we fix 120 days as the limit it will be disastrous to the Corporation. I do not see the logical sequence between payment of tax by a man and his stay in the city. If a person has a profession and if he wants to exercise his right of voting, he must reside within the city for 120 days, and pay also the profession-tax. Nobody prevents him from residing in the city for 120 days. I therefore oppose these amendments in the interests of the finances of the Corporation."

Mr. P. V. KRISHNAYYA CHOUDARI:—"Sir, it is not a curious argument as has been suggested by my hon. Friend; it is a really substantial argument. I want to reduce the residential qualification to 60 days. If the Government are anxious to realize money by levying a profession-tax, they should also be anxious to give the tax-payers the vote. So long as they are not prepared to reduce the residential qualification of voters to less than 120 days, I press this amendment." 4 p.m.

The amendments were put and lost.

* Mr. D. M. REID:—"Mr. President, Sir, I move that—

'in the new Explanation 4, for the words "shall be deemed" the words "shall not be deemed" be substituted.'

"Sir, in the original Bill this Explanation was not included and I understand that in the Select Committee there was a misunderstanding over its implication. According to sub-section (3) (v) of section 4

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of the Indian Income-tax Act, 1928, any capital sum received in commutation of the whole or a portion of a pension is exempted from payment of income-tax. The Explanation 4 to section 111 in the Bill before us says the following:—

‘Any amount received by a person in commutation of his pension or any portion of his pension, shall be deemed to be a pension within the meaning of this sub-section.’

“The Bill before us is trying to tax an income which the Indian Income-tax Act does not allow to be taxed. As profession-tax is based on income, it is assessed in exactly the same way as income-tax. Therefore it seems wrong for capital sums to be made liable to pay profession-tax since the underlying principle involved in both is the same. Any amount received in commutation of a pension is a capital sum and there are several considerations for not making it liable to pay profession-tax. In the first place, as I said, it is a capital sum and profession-tax is not based on capital; it is based on income. The second point is that it is drawn by the recipient in lieu of an annuity and is intended presumably for investment either in business or in shares. In either of these cases, profession-tax will be paid later on the future earnings of that capital sum; and if it were made liable to profession-tax in the first place it would be taxed twice over and incidentally at a heavy rate in the first instance and at a normal rate in the second instance. Owing to the basis on which profession-tax is charged, the treatment of a large sum of this nature as income would move the recipient into a higher category for the purpose of calculating profession-tax than he would otherwise have been put if he had not commuted his pension. For example, taking the case of a man earning Rs. 12,000 a year, he pays a profession-tax of Rs. 75 per half year. If he suddenly receives at the end of his service Rs. 20,000 in commutation of a portion of his pension, he will be immediately placed in the category of persons earning Rs. 32,000 a year with a corresponding heavy increase in the rate of tax payable on the whole. The point which I think I ought to make is this: that we here are contending for a principle. No one will argue that we are putting forward a special case for something that is in the interests of us Europeans in this country, because it is not. Very far from it. Europeans, Sir,—I would ask my hon. Friends to listen to this—can avoid the payment of such a tax on commuted pensions by having them paid in England, in France, Germany or anywhere in the world. It is quite easy. It is not for ourselves. The people who will suffer are our Indian fellow-citizens who, after years of hard and careful work retire and settle down in Madras and find themselves suddenly imposed upon by a tax at a very high rate which will almost make them wish that they never saved money. If this amendment is carried, it will be a reasonable and proper thing and of course it will put the law in line with the law of the whole of India on taxes on income, that is the Indian Income-tax Act. I base my amendment not on considerations of expediency but on the broad principles involved.”

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* Mr. M. A. MUTHIAH CHETTIYAR :—“ Mr. President, Sir, in seconding the amendment moved by Mr. Reid, I wish to point out that this profession-tax has been considered to be an obnoxious tax by all in the city. I have been for the past four or five years trying to find an alternative tax which will be more acceptable to the people of the city, but no such alternative which will yield the same revenue has been found. This question has engaged the attention of the several informal conferences on this Bill. The profession-tax brings about Rs. 3½ lakhs to the Corporation, most of which being paid by Indian merchants, because European merchants mostly come under the companies' tax though they also pay considerable sums by way of profession-tax. As Mr. Reid pointed out, this is not a question of Europeans getting an advantage over Indians, because Europeans can easily escape this tax by having the commuted amount paid out to them in foreign countries. According to the schedule, the highest rate which the Corporation is allowed to levy is Rs. 500, but they have limited the rate to Rs. 350. That is a big sum to be paid by a person in receipt of a commuted pension. I do not think there will be many cases of commutations of pensions every year; probably there will be ten cases or so. The Corporation would not lose much. As I said before, there has been a lot of agitation against profession-tax; it has been said that it is a second income-tax. The profession-tax is not like a similar tax prevailing in Calcutta, where a doctor or a lawyer has to pay Rs. 15 or Rs. 20 for carrying on his profession in the city. Here, our profession-tax should rather be called a municipal income-tax. As there is no alternative tax which will yield the same amount of revenue, we have to continue the profession-tax. I have great pleasure in supporting the amendment of Mr. Reid.”

* Diwan Bahadur C. S. RATNASABHAPATI MUDALIYAR :—“ Mr. President, I am sorry I have to oppose this amendment. There seems to be some misconception in the minds of the proposer and the seconder, when they say that hardship will be caused to pensioners when they are asked to pay profession-tax on commuted amounts. Section 111 (1)*(b) says that any person who resides in the city for not less than sixty days in the aggregate and is in receipt of any pension is liable to profession-tax. Therefore a pensioner residing in the city and drawing the minimum amount of say Rs. 50 or Rs. 100 will have to pay profession-tax. As long as the pension which a person gets is treated as income and is taxed accordingly, I do not see why when a portion of the pension is commuted, the commuted amount should not be treated as income for the purpose of profession-tax. For example, suppose a man is drawing a pension of Rs. 200. He will have to pay a tax of Rs. 5 or so for a half year. But if he commutes half of his pension, Rs. 100, he will get Rs. 10,000 in a lump sum and thereafter he will be getting only Rs. 100 as his pension. He will be liable to profession-tax only on Rs. 100 thereafter, while before the commutation he was liable to profession-tax on Rs. 200. Therefore, so long as

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you concede that pension also is income and liable to assessment for profession-tax, it stands to reason that the commuted amount also should be liable to assessment for profession-tax. Otherwise a person who commutes his pension will not only have the benefit of receiving a lump sum but will have his profession-tax reduced for the subsequent periods. That is a position which should not be accepted. I think I have explained the position clearly and the House will throw out the amendment."

Sriman M. G. PATNAIK Mahasayo:—" Mr. President, Sir, pension is considered to be deferred pay. If pay is liable to profession-tax, I do not see why pension should not be liable to profession-tax. For the same reason, the lump sum received by way of commutation also should be liable to profession-tax. It is said that this commuted amount is intended to be invested and the income from investments will pay profession-tax and therefore the commuted amount itself should not be made liable to profession-tax. But the same is the case with ordinary salaries. Suppose a man gets a salary of Rs. 5,000 which he invests in some way. Even then, the income from investment will be charged to profession-tax. Therefore I do not see why there should be any difference between pension and salaries and there is no force in the argument that if the commuted pension is taxed, the person will be taxed twice over."

* Diwan Bahadur A. APPADURAI PILLAI:—" Mr. President, Sir, as a pensioner, I think I am in a better position to speak on this amendment than some of my hon. Friends who are not in this unenviable position. (Hon. Members: 'Why unenviable position?' Question?) Pension, which my hon. Friend, Mr. Patnaik, described as deferred pay, is the amount earned for services rendered. After a service of 30 or 35 years, the man gets a pension on certain scale fixed by Government. That is intended to help him to settle down in life after wandering about all over the country for 30 or 35 years. The Government have now graciously consented to commute a portion of the pension to the extent of 50 per cent. This commutation is based on the fact that the pensioner should have some provision to start his pensioned life in a contented atmosphere. He has had so many liabilities in his life; he must have incurred debts for the education of his children and the marriage of his daughters. His wandering life itself has not conducted to proper investments or saving of any kind.

4-15
p.m. "Whatever he gets in the shape of travelling allowances, is spent on his tour expenses. In order to make the man settle down in life after a service of 30 or 35 years, commutation is allowed. When the commuted man comes to settle down in life, very often you will find that he has prior debts, he has to clear away liabilities he has incurred during his service. In fact I wanted to give notice of an amendment to exempt pension from profession-tax. I was served with a notice for payment of profession-tax; what is the profession, Sir, that I am

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exercising? I carry on no profession at all. It is true that I was carrying on profession before I retired. So long as I was doing so, I was gladly paying the profession-tax imposed on me by the Corporation or any municipal council. Now I am a pensioner and as such, I carry on no profession at all, except that I sit at home, take my food and read some books. After I got into this Council, I come here when the Council is in session; that is all my profession. Fearing that hon. Members of the House may object to my amendment to exempt pension from profession-tax, I refrained from giving notice of the amendment. I do not think it would be fair on the part of this hon. House to declare, as it has been provided for in the proviso, that the moment a man commutes his pension, that amount should be liable to profession-tax. I am thankful to my hon. Friend, Mr. Reid, for having taken up the cause of the pensioners. If a pensioner gets a commuted sum of Rupees 20,000, he would have to pay a large amount as profession-tax. Commutation is intended to enable the pensioner to settle down in life and enjoy during his remaining years, his well-earned rest. He ought not to be mulcted in the payment of an additional tax, called the profession-tax. This provision has been newly put in; it is not in the existing Act, it is not in any Act; no municipality levies tax on commutation. It has been brought in here for the first time. I appeal to this hon. House not to oppose Mr. Reid's amendment, but to accept it and confer this concession on hard-worked servants of the Government, who live to earn a pension. How many of us live to earn pension? Hon. Members would accept that very few Indians live to earn pension after a hard service of 30 or 35 years. The ordinary life of an Indian is said to be 50 or 55 years. He has to retire at the age of 55 if he is in charge of executive work. In ministerial posts the service is extended up to 60 years. The Corporation should not seek to make an earning upon the commuted amount of pension. As pointed out by my hon. Friend, the ex-Mayor of Madras, it is not fair that the Corporation should levy any profession-tax at all; he was objecting to the profession-tax itself. He is an experienced gentleman; he is an aristocrat; he has been Mayor of Madras for no other reason except to serve the public. He stood up and said that he was always opposed to the levy of even the profession-tax. It always implied a certain amount of inconvenience and annoyance. The more so in the case of commuted pension. I hope the hon. House would accept the amendment."

* Mr. T. C. SRINIVASA AYYANGAR:—"Sir, it is rather unfortunate that I have to oppose the amendment, Sir, after so pathetic and moving speech which has been made by so eminent a member of this House, Diwan Bahadur Appadurai Pillai, whose honourable record of public life we all appreciate and admire, and who, we hope, will be blessed with a long life, and enabled to earn his pension for decades. But however, there was more of eloquence than of logic in his speech. He stated that pension is deferred pay. If a gentleman in the public service can be taxed to profession-tax, surely the hon. Member's own

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description of pension will make it liable to profession-tax. The previous amendment which we voted upon says that, if a person resides in the city for over 60 days, and is in receipt of pension, he is liable to the principle of income-tax for the purpose of profession-tax. These commuted amounts should not be taken into account; that is his argument. That argument should not prevail. That is why, the explanation has been put in the Bill. Suppose a gentleman is getting Rs. 100 as pension per mensem; two-thirds of it is commuted and drawn in advance; to that extent, in the succeeding years he will pay less profession tax; and he is in a more advantageous position; when he draws a large amount out of the pension in advance he should pay the tax, else it will amount to this, that if pension is received in a particular way, it shall not be taxed; but if it is received in a more normal way, it shall be taxed. There is no logic in it; certainly there is no consistency. I am sorry I have to oppose the amendment in spite of the very moving speech of my hon. Friend, Mr. Appadurai Pillai."

* Mr. YAKUB HASAN:—"Sir, I support this amendment. Pension is a monthly income and though a pensioner does not exercise any profession, yet tax is collected from him because, though this tax is called profession-tax, it is practically a municipal income-tax. When a part of pension is commuted, then the pensioner will cease to get that portion of the pension hereafter. The principle on which commutation of pension is allowed, is this: a person is supposed to live on an average for a certain number of years after retiring from service he is getting a certain pension; the capitalized value of a portion of the pension is given to him as a lump sum. 'The Government pays him the amount on some calculation on the average he will live for so many years and get pension for that period. If the pensioner dies after getting this lump sum, the Government loses that amount. This commutation is worked out on some average. This system has been adopted so that, if people wish to commute a portion of their pension the commuted amount be given to them. But that lump sum is not a pension. In the explanation the capitalized amount that one receives is considered as his pension for that year and he is required to pay on that income profession-tax for that year. The explanation says:—'Any amount received by a person in commutation of his pension or any portion of his pension, shall be deemed to be a pension within the meaning of this sub-section.' To call the commuted amount a pension is an absurdity. It is not a pension and this amendment seeks to remove that absurdity. The Corporation may not lose much if this amendment is carried. As pointed out by one of the speakers, pensioners cannot be considered as exercising any profession at all and they ought to have been exempted from the payment of profession-tax. I do not propose that profession-tax should not be levied on pension. All that I say is those people who commute a portion of their pension and cease to be pensioners or become recipients of reduced pension, they should not be charged with any tax in that year on the amount they get as commutation. With these words I support the amendment."

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MR. K. P. RAMAN MENON :—" Sir, I support the amendment and am of opinion that capitalized pensions should be exempted from the provisions of this Bill.

" First of all, I do not agree with those gentlemen who think that pension is deferred pay. I should say that pension is only compassionate allowance granted by the Government to keep their servants who have rendered valuable services to them above want. That is the real essence of it. 4-30 P.M.

" Then again, Sir, how can you say that a man who ceases to have a profession at once becomes liable to pay a profession-tax? A profession tax is a tax on some profession that a man is following. The moment a man retires from Government service he ceases to have a profession. You cannot therefore say that he is liable to a profession tax. It is a contradiction in terms. You cannot impose a tax at all on a man who is not having a profession. If you call it by any other name, say an extra tax for the benefit of the Corporation or a Corporation income-tax or any such thing, it may be alright; but to call it a profession tax in such cases is certainly a contradiction in terms.

" Again, is it the object of the Corporation to scare away all the pensioners from the Madras City? On the other hand, I should think that it is to the interest of the Corporation to induce the elite of society—at present, the pensioners do form the elite—to stay in the City, at any rate as many of them as possible. But if you propose to penalize them with a tax on their capitalized pension, they may find it more convenient to get away from Madras and settle elsewhere. All these are reasons to show that capitalized pension should not be taxed at all."

DIWAN BAHADUR M. GOPALASWAMI MUDALIYAR :—" Mr. President, Sir, I am sorry I have to oppose the amendment for the simple reason that if a person wants to have the luxury of living in the capital of the province, if he wants to enjoy the amenities of the City and enjoy the amusements which are available to him here in his leisure hours, surely he ought not to grudge to pay a profession tax. My hon. Friend, Mr. Raman Menon asked: Why do you want to scare away the pensioners from Madras? I do want them to be scared away to the mufassal and not to settle down in Madras, in order that they may guide and enlighten us, lead an exemplary life amidst us in the mufassal and be of some use to the rural population. So, if they are to be scared away from the City, so much the better. But if they want to settle here and enjoy the amenities of City life, surely they ought not to grudge this little sum in the shape of a profession-tax."

* MR. P. V. RAJAGOPALA PILLAI :—" As a pensioner myself, I wish to say a word or two in favour of the amendment. A certain person who retired from service in the Military Accounts Department and settled at Tanjore commuted a portion of his pension and drew a lump sum. The members of the church to which he belonged are required

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to pay subscription based on their monthly income. The church authorities required the person in question, to pay his subscription based on the lump sum as well. He refused to do so and about two years afterwards he went up to the High Court where it was decided that commuted pension was not income. It is therefore very doubtful, Sir, whether such lump commutation amounts can be treated as income here. With these words, I support the amendment."

* The Hon. the RAJA OF BOBBILI:—"Sir, I listened to the interesting discussion both in favour of and against the proposed amendment. I presume it is conceded on all sides that pensions themselves cannot be exempted. The present position is that in the case of the income-tax, commuted pensions are exempted. I have also received information that recently there has been a judgment of some Civil Court that commuted pensions are not liable to profession-tax. Of course, if we concede that profession-tax is a kind of surcharge on income, it follows that the amounts commuted should be treated in a different manner from pensions; because the individual who commutes a part of his pension and invests the amount for example in a building will be liable to pay a house-tax to the Corporation; if he uses the money for any business or profession, he will again be liable to profession-tax; and if he invests the money in shares or in any other kind of business, he will be liable to pay income-tax. If in addition to these, we are to tax his commuted pension, I think it will really amount to double taxation. I therefore accept this amendment."

* The Hon. the PRESIDENT:—"I will now put the question to the vote of the House. The question is:

'In the new Explanation 4, for the words "shall be deemed" the words "shall not be deemed" shall be substituted'.

The amendment was put and carried.

* The Hon. the PRESIDENT:—"Clause 63 as amended, and clauses 64, 65, 66, 67, 68, 69 and 70 are for the vote of the House."

Clauses 63, as amended, and 64 to 70 were carried.

Clause 71.

Mr. P. V. KRISHNAYYA CHODARI:—"Mr. President, Sir, I move—

'Add a new clause (b) to section 118 of the Act as follows:—

"(b) Basava bulls, beggars' monkeys, etc., which are kept by persons for earning their livelihood;".'

"We have provided now for tax on animals, etc. The poor beggars who take these Basava bulls and monkeys will become liable to be taxed, and we will be giving opportunities to the Corporation employees to create scenes in the streets. I want, by my amendment, that there should not be any unnecessary harassment of these poor beggars. Already, I think, there are certain provisions by which the Corporation is levying a sort of cart-tax on people who come in carts from

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places like Saidapet, etc., outside the city, which have come within the notice of the Hon. Minister. My amendment only seeks to avoid such hardships to the poor beggars."

Rao Bahadur P. C. MUTHU CHETTIYAR spoke in Tamil and the following is an English summary of the speech:—

"I second this amendment. Of course, I am happy to be associated with any amendment for the abolition of any tax; but this is really a deserving case. There will be cases in which these poor beggars will lead a calf with five legs or a lamb with two heads; or again, a sheep may give birth to eight lambs or five only; it will be difficult for the Corporation authorities to decide the actual tax to be levied in these cases. Similarly I think in the case of pigs, there is a provision for levying a tax; as the Tamil proverb goes, the pig is noted for its giving birth to very many young ones at a time and I am sure it will be very difficult for an assessor to count them all. I therefore think that besides the Basava bulls and monkeys referred to in the amendment, sheep, lamb, pigs and all animals used for agricultural purposes should not be taxed. We may of course tax parrots, fowls, cocks and other birds which are reared in houses. I appeal to the House, Sir, to accept the amendment."

The Hon. the RATA OF BOBBILI:—"Sir, after hearing the very 4-45 interesting speech of my hon. Friend, Mr. Muthu Chettiyar, I can only P.M. say that by accepting an amendment of this kind, we will make the task of the Corporation people very difficult in deciding which are beggars' monkeys and which are not. I therefore consider there is really no need for this amendment, and I oppose it."

Mr. P. V. KRISHNAYYA CHOUDARI:—"Mr. President, Sir, the reason why I wanted to move this amendment was, as the Hon. the Chief Minister himself has stated, it would be very difficult for the Corporation authorities to distinguish between beggars' monkeys and monkeys belonging to others; and I consider at least the poor people may be exempted from tax, especially when we have decided to forego large sums as a result of accepting various other amendments."

* The Hon. the PRESIDENT:—"The question is—

'Add a new clause (b) to section 118 of the Act as follows:—

"(b) Basava bulls, beggars' monkeys, etc., which are kept by persons for earning their livelihood" '."

The amendment was put and lost.

* Mr. BASHIR AHMED SAYEED:—"Sir, I move the following amendment standing in my name, namely—

'Omit sub-section (a) of section 118.'

"Sir, sub-section (a) of section 118 is 'Carriages and animals belonging to the Government.' The principle is that the Corporation pays taxes to the Government whenever any tax is payable by it on any vehicle or any other property that the Corporation might own and

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on which Government is entitled to claim any tax or fee. Lands vested in the Corporation, except for public purposes, are liable to be taxed for quit-rent. Motor cars, lorries, engines, etc., are liable to be taxed under the Motor Vehicles Taxation Act. Such being the case, I do not see why, so far as the Government owns animals, carriages and even motor cars, they should not be taxed. On the basis of reciprocity, I move this amendment. When Government are entitled to tax the Corporation for such things, they are unwilling in spite of our repeated requests, to exempt vehicles owned by the Corporation for public purposes from taxation under the Motor Vehicles Taxation Act; and they refused time and again to grant such exemption. When the Corporation is paying a heavy amount in respect thereof, I do not see why the same logic should not be applicable to Government and why they should not pay to the coffers of the Corporation tax in respect of carriages and animals owned by Government, even as other private owners are bound to pay. There is no distinction made between the Corporation and the Government in the matter of collection of taxes or the collection of any dues which the Corporation owe to the Government. Such being the case, I only want that the Corporation ought not to lose any amount on taxes which they are entitled to collect on animals and carriages which may be owned by the Government. Here, I might also put in another argument that so far as the City Police force is concerned, all those carriages and animals which are required to be kept by the officers of Government in the discharge of their duties are exempt. They come under clause (b) and we do not propose to tax them, but if Government own lorries or carriages or animals—any number of them—I do not see why Government ought not to pay to the Corporation what it is entitled to claim in that respect. I therefore move my amendment for the acceptance of the House.”

Mr. T. S. RAMASWAMI AYYAR:—“ Mr. President, Sir, I desire to second the amendment moved by my hon. Friend, Mr. Basheer Ahmed. No case has been made out why carriages and animals belonging to the Government should not be taxed. The Act allows for taxation of carriages and animals belonging to all people, whether poor or rich. As pointed out by my hon. Friend, Mr. Muthu Chettiyar, in his humorous speech on the last amendment, even goats are taxed. In regard to the taxation on buildings, Government come in like any other private individual and when that is the case, why this particular exemption with regard to carriages and animals owned by Government? As has been pointed out by my hon. Friend, Mr. Basheer Ahmed, special case has been made out with regard to certain officers; for example, we see that City Police officers are exempted as they come under clause (b), as they are on public duty and their services are required at all times; not only they help the Government, they also help in a way the Corporation. And so far as they are concerned, certainly they are entitled to exemption. But what is the reason why Government should have a general exemption with regard to carriages

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and animals belonging to them? Take for instance, cars and lorries belonging to Government. They are also used on the road surface as much as any private vehicle. Then, why this exemption, I ask. Unless, therefore, Government are able to convince the House that there is a special case, I do not see any reason why this general exemption should be given. It was only yesterday that Government claimed exemption with regard to lands lying waste and which did not produce any return to Government. Then, I heard the Hon. the Chief Minister saying aside that even the foreshore would come under that. I was wondering why the foreshore should be exempted from taxation when Government are deriving certain income by selling sand; but that section has been passed and I have no quarrel with that. I do not see, therefore, why Government should have a general exemption of this kind with regard to carriages and animals."

The Hon. the RAJA OF BOBBILI:—"Sir, this is not a new provision which is sought to be introduced into this Bill, but it is already in the existing Act. With regard to the arguments advanced by hon. Members, I can only say that Government stand on a different footing from ordinary individuals or tax-payers on account of the fact that Government give such large grants to the Corporation. I therefore do not see why Government should be taxed and if hon. Members say that Government also should pay tax, they should realize that Government money is tax-payers' money; and I am sure they would not press this amendment. (Mr. T. S. Ramaswami Ayyar: So also Government buildings.) As regards Government buildings, I may inform my hon. Friend that in most countries all Government buildings are exempted from taxation."

Mr. BASHEER AHMED SAYEED:—"I do not press my amendment, Sir."

The amendment was, by leave, withdrawn.

Clauses 71, 72 and 73 were put and carried.

Clause 74.

Section 124.

* Diwan Bahadur C. NATESA MUDALIYAR:—"Mr. President, Sir, I move the following amendment that stands in my name, namely—

'In sub-section (1), in line 4, for the word "eight" substitute the word "four".'

"Mr. President, Sir, there are different categories of carts in the Madras City, for instance, double-bullock carts, single-bullock carts, carts dragged by two men and those dragged by one man. I do not know whether the owners of these bullock carts gain anything or not. I understand that those persons who have got double-bullock carts near the harbour, they are able to get some wages whenever a ship arrives

[Mr. C. Natesa Mudaliyar] [8th November 1935]

in the harbour, and at other times they get nothing practically. At other times, they have to maintain the bullocks without their earning anything, and as such all such persons are the sufferers. In the case of those who have got single-bullock carts, I know how these people suffer. I do not know whether they have at any time saved Rs. 4 in a lump from their earnings. I know of several people in Triplicane who have sold their all and purchased single-bullock carts and they are themselves drivers of these carts. What they get as charges by carrying things or persons from one place to another, comes to about one-third of what the jutka men get. If a jutka man gets Re. 1, these single-bullock cart men get only six annas and with that amount they have to feed the bullock, feed themselves and their families and also to attend to any deterioration in the condition of the carts. That is the condition of these people. If we expect them to pay Rs. 8 half-yearly and Rs. 16 every year, it will work a great hardship. If the Bill provides for a graded system of taxation it will be better.

“Again, Sir, in the case of carts which are drawn by men, I want to know what is it that they gain. We should on the other hand thank such people for keeping such carts to hire it to the poor people for eking out their livelihood; I thank the man who owns so many such carts and lets them for poor people and thus enable them to eke out their own livelihood, otherwise the condition of the poor people will be miserable. Instead of thanking them for having such carts and thus indirectly feeding the poor people, if you tax these poor people, it will be a hard thing. Further, Sir, originally the rate was Rs. 4 but now in the Bill it is proposed to levy Rs. 8. Now that the Government to-day is in a good mood and have accepted many of the amendments in a charitable spirit, I request the Government to go back to the old rate of Rs. 4 and earn the gratitude of the poor people. Once more I appeal to the Government to be charitable in accepting this amendment. Sir, the Hon. the Raja of Bobbili is out for charity, whether it is a ryot here or a poor man there or a charitable institution anywhere. So, I request the Government to make this Rs. 4 and thus relieve so many poor people in the City of Madras. In fact, let there be one rate for double-bullock carts owned by rich people, another for single-bullock carts owned by poor. I therefore request the Government to accept my amendment.”

Rao Sahib V. I. MUNISWAMI PILLAI:—“I second it, Sir.”

The Hon. the RAJA OF BOBBILI:—“Sir, my hon. Friend, Dr. Natesa Mudaliyar stated that by this amending Bill the Government have doubled the existing tax from Rs. 4 to Rs. 8. All that the new section says is: ‘If the Council by a resolution determines that a tax shall be levied on carts, the Commissioner shall levy the said tax half-yearly at the rate or rates (which shall not exceed eight rupees per cart per half year) fixed by the Council . . .’ It therefore follows that this amending Bill does not seek to increase or double the existing tax. It is a matter left entirely to the discretion of the Corporation Council

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and I do not see any objection to leave it as it is. As a matter of fact, it is still open, I presume—I speak subject to correction—to the Corporation to levy different rates for double-bullock carts and single-bullock carts and I do not see why we should by reducing the maximum restrict the discretion of the Council in varying the tax according to the requirements in each case. If, however, it will satisfy my hon. Friend, I am prepared to agree that in the case of single-bullock carts the maximum tax may be Rs. 4.”

Diwan Bahadur C. NATESA MUDALIYAR:—“ Sir, I am extremely thankful to the Raja Sahib, and I beg leave to withdraw my amendment.”

The amendment was by leave withdrawn.

* The Hon. the RAJA OF BOBBILI:—“ Sir, I will now move a definite amendment to the effect that in the case of single-bullock carts the tax shall not exceed Rs. 4. I move—

‘ that the following proviso be added at the end of sub-section (i) of section 124:—

“ Provided that in the case of single-bullock carts the tax shall not exceed four rupees half-yearly ” ’.”

Mr. T. SUNDARA RAO NAYUDU:—“ I second it.”

The House then adjourned to meet again at 11 a.m. the next day.

R. V. KRISHNA AYYAR,
Secretary to the Legislative Council.

வாய்மையே வெல்லும்
TRUTH ALONE TRIUMPHS

APPENDIX I.

[Vide answer to question No. 496 asked by Mr. G. Rameswara Rao at the meeting of the Legislative Council held on the 8th November 1935, page 893 supra.]

Number of candidates who applied for admission.

Number of candidates admitted.

Name of the institution.	Non-Brahmans.	Brahmans.	Muhammadians.	Indian Christians and Anglo-Indians.	Depressed classes.	Non-Asiatics.	Total.	Non-Brahmans.	Brahmans.	Muhammadians.	Indian Christians and Anglo-Indians.	Depressed classes.	Non-Asiatics.	Total.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
(a) College of Engineering, Guindy—														
(i) Engineer class	64	127	10	19	1	..	221	21	32	8	7	..	..	68
(ii) Probationary Subordinate class	30	85	1	4	2	..	122	15	63	1	1	..	2	82
(b) Medical Colleges and schools—														
(1) Medical College, Madras	96	137	6	33	2	..	274	49	29	4	10	2	..	103
(2) Medical College, Vizagapatam							15	15	35	..	..	..	..	50
(3) Stanley Medical School, Madras	70	120	7	16	39	..	252	27	20	5	7	4	..	63
(4) Lady Willingdon Medical School, Madras	30	4	1	32	7	..	74	12	2	1	7	2	..	24
(5) Government Indian Medical School, Madras—														
(i) Licentiate in Indian Medicine class	45	73	11	8	16	..	153	26	54	8	6	11	..	105
(ii) Associate Licentiate in Indian Medicine	2	11	..	..	1	..	14	..	4	..	..	1	..	5
(iii) Associate in Indian Medicine		2	1	..	..	..	3	..	1	1	..	..	..	2
(c) Veterinary College, Madras	31	51	10	7	12	..	111	7	12	1	2	2	..	24
(d) Agricultural College, Coimbatore	18	77	10	5	6	..	116	7	24	7	2	3	..	44
(e) Industrial institutions—														
(1) Government School of Technology, Madras	219	174	19	89	9	1	511	109	112	13	54	6	1	295
(2) Government School of Arts and Crafts, Madras	109	20	10	24	71	..	234	43	12	4	8	26	..	93
(3) Government Textile Institute, Madras	61	47	1	16	67	..	192	21	18	1	9	15	..	64
(4) Government Industrial School, Madras	13	9	2	8	5	..	37	11	8	2	5	4	..	30
(5) Government Industrial School, Bellary	15	5	5	15	6	..	46	10	3	1	14	6	..	34
(6) Government Industrial School, Calicut	25	4	1	14	7	..	51	18	3	..	12	3	..	36
(7) Government Trade School, Mangalore	5	6	..	14	7	..	32	5	6	..	14	7	..	32
(8) Kerala Soap Institute, Calicut	18	21	1	6	8	..	54	5	7	..	1	..	..	13
(9) Industrial Engineering Workshops, Madras	3	2	4	..	..	..	9	1	..	..	2	..	..	3

NOTE.—The figures in columns (6) and (13) include, besides depressed classes—

- (i) other backward classes in the case of the Agricultural College and Industrial institutions; and
- (ii) all others not included in columns (2) to (5) or columns (9) to (12) in the case of Medical colleges and schools

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APPENDIX II.

[Vide answer to question No. 499 asked by Mr. M. B. Rangaswami Reddi at the meeting of the Legislative Council held on the 8th November 1935, page 894 supra.]

Government School of Technology.

(1) Electrical Engineering	..	..	..	1st year	..	178	
Do.	..	..	..	2nd "	..	149	
Do.	..	..	..	3rd "	..	151	
Do.	..	..	..	4th "	..	70	
							548
(2) Mechanical Engineering	..	..	..	1st "	..	68	
Do.	..	..	..	2nd "	..	49	
Do.	..	..	..	3rd "	..	31	
Do.	..	..	..	4th "	..	57	
Do.	..	..	..	5th "	..	40	
							245
(3) Electric Wiring	..	..	..	1st "	..	76	
Do.	..	..	..	2nd "	..	39	
							115
(4) Plumbing	..	..	..	1st "	..	34	
Do.	..	..	..	2nd "	..	16	
							50
(5) Printing—Composition and Proof-Reading.	..	..	..	1st "	..	54	
Do.	..	..	..	2nd "	..	32	
Printing—Machine Minding.	..	..	..	1st "	..	14	
Do.	..	..	..	2nd "	..	14	
							114
(6) Metal-workers Drawing	..	..	..	1st "	..	17	
Do.	..	..	..	2nd "	..	9	
							26
(7) Wood-workers Drawing	..	..	..	1st "	..	7	
Do.	..	..	..	2nd "	..	5	
							12
Total ..							1,110

APPENDIX III.

[Vide answer to question No. 502 asked by Mr. K. A. Nachiyappa Gounder at the meeting of the Legislative Council held on the 8th November 1935, page 896 supra.]

Letter from the President of the Salem District Board, to the Secretary to Government, Local Self-Government Department, dated the 14th October 1935, R.O.C. No. 2699/35-H-4.

[Elementary education—Local boards—Elementary school teachers—Adoption of the revised scales as per G.O. No. 749, L. & M., dated 25th February 1935—Report submitted.]

Adverting to paragraph 1 of G.O. No. 749, L. & M., dated 25th February 1935, I have the honour to submit the following report on the several points raised in the said Government Order.

[8th November 1935]

2. The scale of pay of elementary schoolmasters in this district was revised as per scales fixed in G.Os. No. 2504, L. & M., dated 22nd May 1934, and No. 5096, L. & M., dated 7th December 1933, and given effect to from 1st July 1934 as per resolution No. 259 (388), dated 28th July 1934 of the Salem District Board. G.O. No. 749, L. & M., dated 25th February 1935, and the necessary statements prepared in this regard were placed before the district board at their meeting held on 28th September 1935 and the sanction of the Board was obtained.

3. Statements in detail refixing the pay of teachers, so as to fit in in the new scales as per instructions contained in paragraph 2 of the Government Order were prepared with the aid of the best information available with regard to the continuous acting service of the teachers, and the sanction of the district board has been obtained for them.

4. Proposition statement for the revision of scale of establishment of certain schools with reference to instructions and principles contained in paragraph 3 of the Government Order was prepared in consultation with the Deputy Inspectors of Boys' Schools and the Sub-Assistant Inspectress of Schools and the sanction of the Board was obtained for the same.

5. As regards the introduction of temporary cut in the scale of pay of elementary school teachers during the year 1935-36, the same does not appear to be necessary during the current official year as the Elementary Education Budget for 1935-36 of this Board has already been so framed as to meet the increased demand by way of introduction of the revised scale of pay. However this question will again be taken up for the consideration of the Board at the time of preparing the Budget Estimate for 1936-37.

6. As regards the grant of personal pay to the pensionable teachers in Government Girls' schools transferred to the control of local bodies, doubts have been raised with reference to the grant of advance increment or personal allowance to them by the now defunct taluk boards, the Board has resolved to refer the matter to the Government for their specific orders in the matter and then sanction the personal pay to such of the deserving teachers. A separate reference in this regard will be made to Government.

7. Elementary higher grade trained teachers are provided in higher grade posts as far as possible and they are paid the scale of pay fixed for elementary higher grade scale.

A copy of district board resolution No. 95 (729), dated 28th September 1935, is enclosed for favour of information:—

Resolution No. 95 (729), dated the 28th September 1935.

No. 1.—Proposed by M.R.Ry. B. Seetharamayya Garu and seconded by M.R.Ry. K. M. Ratna Mudaliyar that the proposals are approved. The salary as fixed in the statement is sanctioned. The case of the six

8th November 1935]

teachers may be referred to Government and necessary sanction accorded after receipt of Government Orders.

No. 2.—Mr. Nachiyappa Gounder proposes and Kumaraswami Gounder seconds that the teachers of Government girls' schools subsequently transferred to the local bodies shall be paid the salary they were getting at the time of the introduction of the new scale as expressly ordered by Government in the Government Order under reference. The case of teachers of purely local fund service who were getting more than the maximum in the new scale at the time of introduction of said scale should be considered for granting the excess over maximum. The case of teachers whose salary should be in excess of what they are getting now on a calculation according to their continuous service acting and permanent as stipulated in the said Government Order should be considered. As defects are found in the statement prepared, fresh statements should be prepared in a correct way, and submitted to the Board for their consideration.

Resolution of Mr. Seetharamayya is put to vote.

19 voted *for*, 2 voted *against*.

The motion is carried.

(Signed) S. ELLAPPA CHETTIYAR,

President

28th September 1935.

APPENDIX IV.

[Vide answer to question No. 508 asked by Mr. P. V. Krishnayya Choudari at the meeting of the Legislative Council held on the 8th November 1935, page 900 supra.]

*Letter from the Collector of Nellore, dated 16th October 1935,
L. Dis. No. 4700/35.*

It was only in Kovur taluk of this district that the irrigation of pillipessra (a fodder crop) raised as a second crop after harvesting the first crop paddy was penalized in fasli 1344. The total extent of pillipessra crop irrigated against orders was 1,497.22 acres and the amount of penalty levied was Rs. 2,818-4-0.

2. Last fasli was a year of shortage of water and as there was a likelihood of failure of the first crop at the tail end of the delta, the cultivation of a second crop was prohibited. The ryots who harvested a successful paddy crop knowing that the standing first crop under the delta was in need of water and that the cultivation of second crop was prohibited on account of insufficiency of water, raised pillipessra, a second crop and irrigated it against orders thereby seriously reducing the quantity of water available for the standing food crop. The irrigation of pillipessra was therefore treated as irregular and penalized to the extent of ordinary fasaljasti charge amounting to Rs. 2,818-4-0.



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